# KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

NABH Accredited Hospital Excellence in Healthcare

99, Avanashi Road, Coimbatore - 641 014. INDIA | Phone : (0422) 4323800

Fax : (0422) 2627782 | Web : www.kmchhospitals.com | CIN No : L85110TZ1985PLC001659


Ref: KMCH/F&A/SE/2018-19/460 August 7, 2018

To

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P.J.Towers
Dalal Street, Fort
Mumbai – 400 001

Dear Sirs,

Sub: Disclosure under Regulation 34 of SEBI (LODR) Regulations 2015 - reg.
Ref: Security Name: KOVAI, Security Code: 523323

***

With reference to the above, we attach herewith a copy of our Annual Report for the year 2017-18 as required under Regulation 34 of SEBI (LODR) Regulations 2015 and as per the provisions of Companies Act 2013 duly approved and adopted by the members at the Annual General Meeting held on 6th August 2018.

We request you to take the same on record.

Thanking you

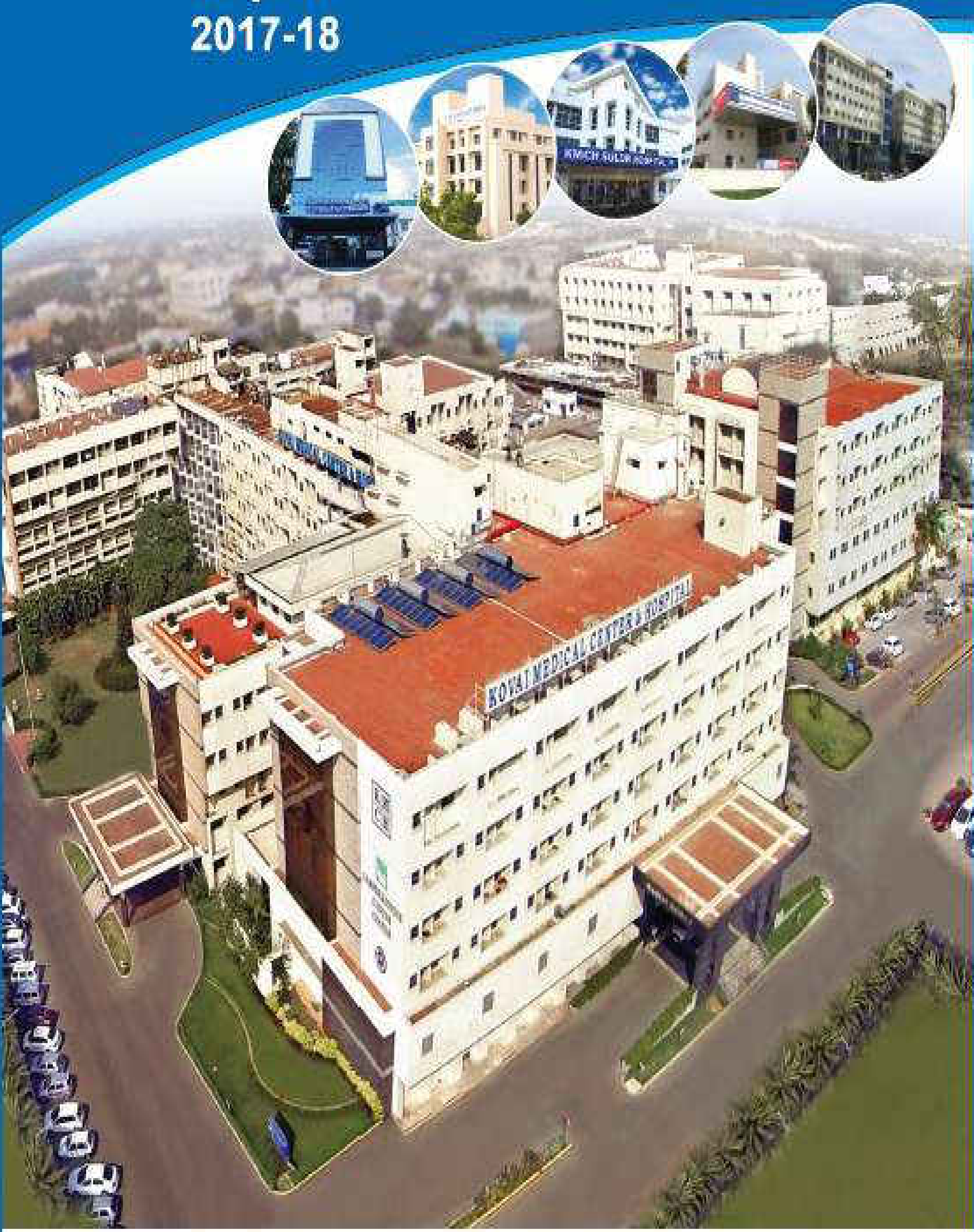
Yours faithfully
For KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

S.P. Chittibabu

S.P.CHITTIBABU
COMPANY SECRETARY

EXCELLENCE IN HEALTH CARE 25 • 1990 - 2015 •

# Annual Report
## 2017-18




K M
C H

# Kovai Medical Center and Hospital Limited

Excellence in Healthcare

# SEVEN YEARS SYNOPSIS

## BUSINESS GROWTH




## SHAREHOLDER VALUE ACCRETION



**BOARD OF DIRECTORS**

**Dr. Nalla G Palaniswami**
Managing Director

**Dr. Thavamani Devi Palaniswami**
Joint Managing Director

**Dr. Mohan S Gounder**
Joint Managing Director

**Dr. Arun N Palaniswami**
Whole Time Director

**Mr. Kasi K Goundan**
Independent Director

**Dr. M. Manickam**
Independent Director

**CA A.M. Palanisamy**
Independent Director

**Dr. M.C. Thirumoorthi**
Non-Independent Director

**Mr. A.K. Venkatasamy**
Independent Director

**Mr. K. Saminathan**
Independent Director

**Dr. M.A. Muthusethupathi**
Independent Director

**Dr. Purani P Palaniswami**
**(Alternate – Dr.S.Krishnasamy)**
Non-independent Director

**CA. M.K. Ravindra Kumar**
Chief Financial Officer

**CS. S.P. Chittibabu**
Company Secretary

**REGISTERED OFFICE & HOSPITAL COMPLEX**
99, Avanashi Road, Coimbatore - 641 014

CIN : L85110TZ1985PLC001659
Tele : +91 - 422 - 4323800, 3083800
Fax : +91 - 422 - 4270639
E-mail : secretarialdept@kmchhospitals.com
accounts@kmchhospitals.com
Website : www.kmchhospitals.com

**AUDITORS**
**M/s.Haribhakti & Co. LLP**
Chartered Accountants, Coimbatore - 641 012

**SECRETARIAL AUDITORS**
**M/s KSR & Co. Company Secretaries LLP**
Coimbatore – 641 018

**REGISTRAR & SHARE TRANSFER AGENT**
**M/s.GNSA Infotech Limited**
STA Department, Nelson Chambers, F-Block,
4th Floor, No.115, Nelson Manickam Road,
Aminjikarai, Chennai - 600 029.
Phone : + 91-44-42962025
Email : sta@gnsaindia.com

**BANKERS**
Indian Bank
Indian Overseas Bank
HDFC Bank Limited
State Bank of India
Bank of Baroda
ICICI Bank Limited

KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

| Contents | Page No. |
|---|---|

# KMCH - A Role Model in Healthcare

The past years witnessed unprecedented growth in our stature as a true leader for others to follow, not just in India, but for other developing countries as well. Right from the launch of Mobile Stroke Unit, Somatom CT machine to performing the first heterotopic heart transplant, Kovai Medical Center and Hospital has seen multiple firsts in its achievements. The Mobile Stroke Unit was relaunched with redesign of the entire Mobile Unit with the help of Schiller and this will change the way a Stroke will be treated. A unique helpline number 95665 95665 was established with a dedicated team of Doctors and nurses available 24 hours. It is truly a matter of great pride for Neurosciences, Interventional Radiology, Emergency Services, and Critical Care Department to have achieved this historic landmark.

## HETEROTOPIC HEART TRANSPLANT

The Department of Cardio-Thoracic Surgery, headed by Dr.Prashant Vaijyanath, performed Asia's first heterotopic heart transplant with direct pulmonary artery anastomosis. In layman's term, this patient has two hearts beating inside his body, one from a donor who died after an accident and another his own badly damaged heart. It is a matter of great pride that Dr.Prashant will be receiving an award from the United Nations Headquarters, New York, USA for his original contribution for advancements of science by this new technique, which has been adjudged as an innovative surgery.

## ROBOTIC SURGERY

The Department of Robotic Surgery has again proved itself to be a regional leader having performed the country's fastest Whipples Surgery by Dr. A. Ganesan and his team for a patient with pancreatic cancer. He is steadily developing into a national leader in complex robotic surgeries. The team of Dr.Ganesan, Dr.Kuppurajan, Dr.Rajkumar, Dr.Anandan, Dr.Anbukkani Subbian and Dr.Naga Kumaran have been successfully performing a variety of robotic procedures across surgical specialities.

## DEPARTMENT OF RADIOLOGY

The Department of Radiology has consistently stood as a leader and has acquired the world's fastest CT scanner, the Somatom Force, which is capable of covering 2.25 meters per second ensuring that the highest resolution imaging of the coronary arteries. It can be performed with the lowest dose of contrast and radiation. Further, the Somatom Force is also the world's most advanced spectral CT allowing analysis of tissue, which was never possible in the past.

The Fetal Medicine Department in KMCH is also the first department in Tamil Nadu outside Chennai to do fetoscopic procedures where delicate surgeries can be performed on the fetus to ensure its safety. The Department of Fetal Medicine with Dr.Sumathi, Dr.Pavithra and Dr.Saira is poised to become a leader in this region. With the addition of Dr.Amit Kumar, the Department of Fetal Medicine, has also extended its services by adding the Genetic Clinic, which allows detection of genetic disorders and further helps patients through counselling.

The Department of Radiology also has acquired the first wide-bore silent MRI system with in-bore experience allowing the patients to experience an 'out-of-the-world' feeling when they are undergoing MRI scans to ensure that discomfort associated with MRI procedures are not there. Further, this unit also has technology dedicated to do fetal MRI allowing diagnosis of extremely complex abnormalities, which were so far difficult.

## HAEMATOLOGY & ONCOLOGY

The Department of Haematology and Radiation Oncology under the leadership of Dr.Rajasekar and Dr.Subramaniam created a milestone by installing the first blood irradiation chamber in this region. The key advantage of this is preventing transfusion-associated graft versus host disease. Also, this ensures safety of patients undergoing bone marrow transplants. With the increase in number of patients in oncology, the department is gearing up for its second state-of-the-art linear accelerator.

## DEPARTMENT OF NUCLEAR MEDICINE

The Nuclear Medicine Department of KMCH played host to the Second World Rhenium Congress, a platform to foster research collaborations among various Nuclear medicine Specialists from 22 countries. Advanced Liver Cancers, which cannot be cured but need palliation for better quality of life, are being treated by radio nuclide therapy using radio conjugates. This radio conjugate is cheaper and equally effective if not better than other available options in treating advanced liver cancers. KMCH has been in the forefront of making available this novel treatment option.

## COMBINED PANCREAS AND KIDNEY TRANSPLANT

Yet another first and a significant milestone is the combined pancreas and kidney transplant for a 29 year old patient from Salem, who was suffering from Type I diabetes along with end stage kidney failure, retinopathy and neuropathy. Dr. Mangal Kumar, Consultant Nephrologist and Dr. Vivekanandhan, Liver Transplant Consultant performed the complex operation. The patient will no more be insulin dependent since his new pancreas started secreting required insulin by restoring the normal insulin level.

## MEDICAL COLLEGE PROJECT

The Medical College Project has commenced and construction of a new 700 Beds Teaching Hospital is in progress. The Medical College will be christened as "KMCH Institute of Health Sciences and Research (a Unit of Kovai Medical Center and Hospital Limited)". Foundation Stone of the Hospital Building was laid by Hon'ble Governor of Tamil Nadu, His Excellency Shri Banwarilal Purohit.


## "LIFE ONCE MORE"

Liver transplants offer a second chance for the people with end stage Liver disease. KMCH Liver Unit has been offering Liver transplantation since July 2014. Since then over 75 transplants have been completed with success rate close to 90%. To celebrate this success, Patients who underwent Liver transplants at the Liver Unit,KMCH had their first reunion on 2nd December, 2017 to share their experience which they passed through during the process of transplantation. Eminent speakers inspired the entire team on the theme of "Life Once More". The event was made so meaningful for physicians and nurses who balanced emotionally with their old patients and had a chance of reuniting.


## AWARDS

A proud recipient of an International Award for being one of "Asia's Best Healthcare Brand 2017" by The Economic Times Group in Dubai. Also bagged the AHPI Healthcare Excellence Award 2017 for being most patient friendly Hospital. Once again proving that winning awards is a way of life at KMCH.

## NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of Kovai Medical Center and Hospital Limited will be held on Monday, the 06th August 2018 at 11.00 a.m. at "A.P.Kalyana Mandapam", 738/2, Avanashi Road, Goldwins, Coimbatore - 641 014 to transact the following business.

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) for the financial year ended 31st March, 2018 and the Reports of the Directors and the Auditors thereon.

2. To declare dividend on equity shares for the financial year ended 31st March, 2018.

3. Dr.M.C.Thirumoorthi, Director, retires by rotation and being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ordinary resolution**:

   **“RESOLVED THAT** pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 , as recommended by the Audit Committee and Board of Directors of the company, M/s. VKS Aiyer & Co., Chartered Accountants (FRN.: 000066S), Coimbatore be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. Haribhakti & Co. LLP, Chartered Accountants (FRN.:103523W/W100048), Coimbatore.

   **“RESOLVED FURTHER THAT** M/s. VKS Aiyer & Co., Chartered Accountants, Coimbatore be and are hereby appointed as Statutory Auditors of the company and hold office for a period of five years from the conclusion of this Annual General Meeting till the conclusion of the 37th Annual General Meeting of the company on such remuneration and reimbursement of out of pocket expenses as may be mutually agreed between the Auditors and the Board.”

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an **ordinary resolution :**

   **"RESOLVED THAT** in accordance with the provisions of Section 196, 197, 198, read with Schedule V and all other applicable provisions of the Companies Act, 2013 the approval of the Company be and is hereby accorded to the appointment of Dr. Mohan S Gounder as Joint Managing Director of the Company for a period of five years with effect from 19th July 2018 by the Board of Directors of the Company at their meeting held on 29th May 2018 on the terms and conditions including remuneration as are set out hereunder with liberty to the Board of Directors (hereinafter referred to as the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration so as not to exceed the limits specified herein and also specified in Schedule V to the Companies Act, 2013 or any amendments thereto as may be agreed to between the Board and Dr. Mohan S Gounder.

**I. Salary**

₹ 8,00,000/- (Rupees Eight lakhs only) per month.

**II. Perquisites**

Perquisites as follows will be paid and / or provided in addition to salary. Perquisites shall be valued in terms of actual expenditure incurred by the Company as per Income Tax Rules. However in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy the perquisites shall be valued as per Income Tax Rules.

a. Medical Reimbursement
Reimbursement of medical expenses actually incurred for self and family as per the rules of the Company.

b. Leave Travel Concession / Allowance
For self and family, once in a year in accordance with the rules of the Company.

c. Club Fees
Fees of Club payable as per the rules of the Company.

d. Car
Use of Company's car with driver

e. Telephone
Communication facilities at residence.

f. Any other perquisites as may be allowed by the Board.

The total of the perquisites as a cost to the company basis payable to Dr.Mohan S Gounder shall not exceed ₹ 2,00,000/- per month.

**III. Other benefits**

a. Contribution to Provident Fund to the extent not taxable under the Income Tax Act.

b. Gratuity at the rate of half month's salary for each completed year of service.

c. Encashment of leave at the end of the tenure as per the rules of the Company.

The above benefits under (a) to (c) shall not be included in the computation of ceiling on remuneration or perquisites.

**IV. Overall Remuneration**

That the total remuneration (i.e. salary, perquisites and allowances) in any one financial year shall not exceed the limits prescribed from time to time under Section 196, 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act relating to total managerial remuneration payable by a public company. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendation of Nomination and Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Dr. Mohan S Gounder and accepted by the Nomination and Remuneration Committee.

6. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 196, 197, 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 the consent of the Company be and is hereby accorded to the appointment of Dr. Arun N Palaniswami as Executive Director of the Company for a period of five years with effect from 25th September 2018, by the Board of Directors of the Company at their meeting held on 29th May 2018 on the terms and conditions including remuneration as are set out hereunder.

**I. SALARY**

₹ 5,00,000/- (Rupees Five lakhs only) per month.

[Annual increase in the salary as the Board may decide from time to time, however subject to a ceiling of ₹ 50,000/- (Rupees Fifty thousand only) per month. First increase to be effective from 25th September 2019 subject to the confirmation of the Board of Directors based on the recommendation of the Nomination and Remuneration Committee of Directors].

**II. PERQUISITES**

Perquisites as follows will be paid and / or provided in addition to salary. Perquisites shall be valued in terms of actual expenditure incurred by the Company as per Income Tax Rules. However in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy the perquisites shall be valued as per Income Tax Rules.

a. Medical Expenses
   Reimbursement of medical expenses actually incurred for self and family as per the rules of the Company.

b. Leave Travel Concession / Allowance
   For self and family, once in a year in accordance with the rules of the Company.

c. Club Fees
   Fees of Club payable as per the rules of the Company.

d. Car
Use of Company's car with driver.

e. Telephone
Communication facilities at residence.

f. Any other perquisites as may be allowed by the Board

The total of the perquisites as a cost to the company basis payable to Dr.Arun N Palaniswami shall not exceed ₹ 2,50,000/- per month.

**III. Other benefits**

a. Contribution to Provident Fund to the extent not taxable under the Income Tax Act.

b. Gratuity at the rate of half month's salary for each completed year of service

c. Encashment of leave at the end of the tenure as per the rules of the Company.

The above benefits under (a) to (c) shall not be included in the computation of ceiling on remuneration or perquisites.

**IV. Overall Remuneration**

That the total remuneration (i.e. salary, perquisites and allowances) in any one financial year shall not exceed the limits prescribed from time to time under Section 196, 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, relating to total managerial remuneration payable by a public company. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendation of Nomination and Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Dr. Arun N Palaniswami and accepted by the Nomination and Remuneration Committee.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

   **"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act 2013 and Companies (Audit and Audits) Rules 2014 (including any statutory modifications) or re-enactment thereof, for the time being in force, Mr. V.Sakthivel (Membership No.23292) Partner, M/s RKMS & Associates, Cost Accountants, Tirupur appointed by the Board of Directors of the Company on recommendation of the Audit Committee to conduct the audit of cost records of the company for the financial year 2018-19 on a remuneration of ₹ 3,00,000/- (Rupees Three lakhs only) plus GST and out-of-pocket expenses if any for the purpose of audit be and is hereby ratified and confirmed".

By order of the Board
**For Kovai Medical Center and Hospital Limited**

**Sd/-**
**CS S.P. CHITTIBABU**
COMPANY SECRETARY

Place : Coimbatore
Date : 23.06.2018

## NOTES

1. **A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited at the Registered Office of the company at 99, Avanashi Road, Coimbatore - 641 014 not less than 48 hours before the commencement of the meeting.**

2. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.

3. Members / proxies should bring the attendance slips duly filled in and signed for attending the meeting. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.

4. The statement of material facts pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Item No.4,5, 6 and 7 of special business is annexed thereto.

5. Pursuant to the provisions of Section 91 of the Companies Act 2013, the Register of members and Share Transfer Books of the Company will remain closed from Sunday, 29th day of July 2018 to Monday, 06th day of August 2018 (both days inclusive) in connection with the 32nd Annual General Meeting.

6. Dividend upon its declaration at the meeting will be paid within statutory period of 30 days to those members whose names appear:

   a) As members on the Register of Members of the company as on 06th August 2018 after giving effect to all valid share transfers in physical form which would be received by the company upto the closing hours of business on 28th July 2018.

   b) As beneficial owners as per the list to be furnished by NSDL/CDSL as at the closing hours of business on 28th July 2018.

7. Electronic Clearing Service (ECS) Facility

   Shareholders holding shares in physical form who now wish to avail ECS facility, are requested to forward their ECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, M/s GNSA Infotech Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115 Nelson Manickam Road, Aminjikarai, Chennai - 600 029.

8. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2009-10, to the Investor Education and Protection Fund (IEPF) established by the Central Government. The details of the same are available on the website of the Company and the same can be accessed through the link: http://www.kmchhospitals.com/wp-content/uploads/2017/04/KMCH-UNCLAIMED-DIVIDEND-LIST.pdf. The said uploaded details on the website of the Ministry of Corporate Affairs can be accessed through the link: www. mca.gov.in.

   Attention of the members is drawn to the provisions of Section 124(6) of the Act which require a company to transfer in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more. In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred shares in respect of which dividend declared for the financial year 2009-10 and subsequent financial years has not been paid or claimed by the members for 7 (seven) consecutive years or more.

9. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend as per Rule 7 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

10. Members holding shares in physical form are requested to intimate the following directly to the company's Registrar and Share Transfer Agent, M/s GNSA Infotech Limited, STA Department, Nelson Chambers, F-Block, 4th Floor, No.115, Nelson Manickam Road, Aminjikarai, Chennai - 600 029.

    a. Bank mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
    b. Changes, if any, in their address at an early date along with proof for address change.
    c. Application for consolidation of folios, if shareholdings are under multiple folios.
    d. Despatch of share certificates for consolidation.
    e. Request for nomination forms for making nominations as per amended provisions of the Companies Act, 2013.
    f. Members are requested to quote ledger folio numbers in all their correspondences.

11. Members holding shares in dematerialised form (electronic form) are requested to intimate any change in their address, bank mandate etc. directly to their respective Depository Participants.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent M/s GNSA Infotech Limited, Chennai.

13. Documents referred to in the accompanying Notice and the Statement of material facts are open for inspection at the Registered Office of the Company during normal business hours (9:30 am to 6:00 pm) on all working days except Saturdays and Sundays (including Public Holidays) upto the date of the Annual General Meeting.

14. Members are requested to note that the Company's shares are under compulsory demat trading for all investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.

15. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.

16. The Companies Act, 2013 enables sending of notice of general meetings in electronic mode. Electronic copy of the Annual Report for the year 2018 is being sent to all the members whose Email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year 2018 is being sent in the permitted mode. The members who have not registered their email ids so far are requested to to register / update their e-mail address with the Company or Share Transfer Agent M/s GNSA Infotech Limited, Chennai.

17. Pursuant to the requirements of Corporate Governance under SEBI (LODR) Regulations, 2015, the brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they holds directorship and membership/chairmanship of Board/Committees, shareholding and relationships between Directors inter-se, are provided in the Notice forming part of the Annual Report.

18. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for the year 2018 will also be available on the Company's website for their download. The physical copies of the Notice and Annual Report will also be available at the Company's Registered Office during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's designated email id: secretarialdept@kmchhospitals.com.

19. As a measure of economy, copies of Annual Reports will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.

20. Members seeking any information as regards the accounts are requested to write to the Company at least seven days prior to the meeting so as to enable the management to keep the information available at the meeting.

**21. Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

**The instructions for e-voting are as under:**

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:

(i) Open email and open PDF file viz; "kmchltd.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com

(iii) Click on Shareholder-Login

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "EVEN" of KMCH LTD.

(viii) Now you are ready for e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to madhu@ksrandco.in with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) (a) Initial password is provided as below/at the bottom of the Attendance Slip EVEN (E-voting Event Number) User ID and Password.

(b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

(ii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

(iii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.

(iv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(v) The remote e-voting period commences on 03rd August 2018 (9:00 am) and ends on 05th August 2018 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 28th July 2018 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(vi) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 28th July 2018.

(vii) Mr. C.V. Madhusudhanan, Practising Company Secretary (Membership No. FCS 5367) Partner, KSR & Co Company Secretaries LLP, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

(viii) A member can opt for only one mode of voting i.e. either through e-voting or by ballot. If a member casts vote by both modes then voting done through e-voting shall prevail and ballot shall be treated as invalid.

The facility for voting through ballot paper will be made available at the venue of the Annual General Meeting to enable the Shareholders to vote. Shareholders who have already exercised their votes through remote e-voting will not be eligible to vote again in the Annual General Meeting.

(ix) The Results shall be declared within 48 hours after the close of Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be displayed on the Company's website www.kmchhospitals.com and on the website of NSDL within the aforesaid period and communicated to BSE Limited where the shares of the company are listed.

By order of the Board
**For Kovai Medical Center and Hospital Limited**

**Sd/-**
**CS S.P. CHITTIBABU**
COMPANY SECRETARY

Place : Coimbatore
Date : 23.06.2018

## ANNEXURE TO THE NOTICE

## EXPLANATORY STATEMENT REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013 ANNEXED HERETO AND FORMS PART OF THE NOTICE DATED 23rd JUNE 2018

### Item No: 4

M/s. Haribhakti & Co. LLP, Chartered Accountants, (FRN.: 103523W/W100048) were appointed as Statutory Auditors of the Company for five consecutive years at the Annual General Meeting held on 25th September 2015 and the term enures up to the completion of the Audit of the Financial Year 2019-20. However in the context of certain proposed internal restructuring in the Audit Firm, the Company has opted for an early rotation. This was discussed with the Audit Firm and in order to facilitate smooth transition from financial year 2018-19, they have chosen to resign from the position of Statutory Auditors of the Company upon the completion of the audit for the financial year 2017-18 and have conveyed their No-Objection to the Company appointing another Statutory Auditor for the financial year 2018-19 vide their letter dated 11th June 2018.

As per the provisions of Section 139(8) of the Companies Act, 2013, casual vacancy caused by the resignation of auditors can be filled by the Board within 30 days of vacancy and is required to be approved by the Company in general meeting within three months thereof. Hence the Board of Directors at their meeting held on 23rd June 2018 appointed M/s.VKS Aiyer & Co., Chartered Accountants (FRN: 000066S), Coimbatore to fill the casual vacancy and that they will hold office until this Annual General Meeting. The Board proposes that M/s.VKS Aiyer & Co., Chartered Accountants, (FRN: 000066S), may be appointed as the Statutory Auditors of the Company for a period of 5 years in terms of Section 139(1) of the Companies Act, 2013.

M/s. VKS Aiyer & Co., Chartered Accountants, (FRN: 000066S), have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said resolution.

### Item No: 5

The members of the Company vide their Annual General Meeting of the Company held on 19th July 2013 had appointed Dr. Mohan S. Gounder as Joint Managing Director for a period upto 18th July 2018. The Board in its meeting held on 29th May 2018 had resolved to re-appoint Dr. Mohan S Gounder for a period of five years from 19th July, 2018 to 18th July, 2023. The Nomination and Remuneration Committee in its meeting held on 26th May 2018 had also recommended the re-appointment and payment of remuneration to Dr. Mohan S. Gounder for a period of five years subject to the approval of members and the Board of Directors at their meeting held on 29th May 2018 appointed him as such.

Dr. Mohan S Gounder has 18+ years of experience of management, operations, consulting and teaching experience with a variety of healthcare organisation, consulting organisation and university settings. He earned both his Bachelor of Science and Medical Degree at the University of Michigan in Ann Arbor, Michigan before completing his training in Internal Medicine at Emory University in Atlanta, GA. He is Board Certified in Internal Medicine and continues to practice medicine.

The proposed re-appointment of Dr. Mohan S Gounder as Joint Managing Director and payment of remuneration are in conformity with Schedule V to the Companies Act, 2013. The terms and conditions of his re-appointment and payment of remuneration are subject to the approval of the members at the ensuing Annual General Meeting under Section 197 read with Schedule V to the Companies Act, 2013.

In terms of Article 103(b) of the Articles of Association of the Company, Dr. Mohan S Gounder is liable to retire by rotation.

None of the Directors except Dr. Nalla G Palaniswami, Dr. Thavamani Devi Palaniswami, Dr. Mohan S Gounder, Dr. Arun N Palaniswami and Dr. Purani P Palaniswami are interested in the proposed resolution.

The Board recommends the resolution set out in Item No.5 for the approval of the members.

**Item No: 6**

The members of the Company vide their Annual General Meeting of the Company held on 25th September 2015 had appointed Dr. Arun N Palaniswami as Whole time Director for a period upto 24th September 2018. The Board in its meeting held on 29th May 2018 had resolved to re-appoint Dr. Arun N Palaniswami as Executive Director for a period of five years with effect from 25th September, 2018. The Nomination and Remuneration Committee in its meeting held on 26th May 2018 had also recommended the re-appointment and payment of remuneration to Dr. Arun N Palaniswami for a period of five years subject to the approval of members and the Board of Directors at their meeting held on 29th May 2018 re-appointed him as such.

Dr. Arun N Palaniswami MBBS, MD - Internal Medicine is a specialist in Internal Medicine and was practicing medicine in USA for nine years. With his insight into the operations of various health care facilities across United States, Dr. Arun N Palaniswami used his knowledge and expertise to provide guidance to KMCH over these years. The Nomination and Remuneration Committee had also recommended his remuneration and other terms and conditions at its meeting held on 26th May 2018.

The proposed re-appointment of Dr. Arun N Palaniswami as Executive Director and the payment of remuneration are in conformity with Schedule V of the Companies Act, 2013. The terms and conditions of the re-appointment and payment of remuneration are subject to the approval of the Shareholders in General Meeting.

In terms of Article 103(b) of the Articles of Association of the Company, Dr. Arun N Palaniswami is liable to retire by rotation.

None of the Directors except Dr. Nalla G Palaniswami, Dr. Thavamani Devi Palaniswami, Dr. Mohan S Gounder, Dr. Arun N Palaniswami and Dr. Purani P Palaniswami are interested or concerned in the proposed resolution.

The Board recommends this resolution set out in Item No.6 for the approval of the members.

**Item No: 7**

In view of the revised Cost Audit Rules as part of new Companies Act, 2013 notified by the Ministry of Corporate Affairs in the month of July 2014, the Board of Directors on the recommendation of the Audit Committee has approved the appointment of Mr. V.Sakthivel (Membership No.23292) Partner, M/s RKMS & Associates, Cost Accountants, Tirupur as Cost Auditor to conduct audit of cost records of the company for the financial year ending 31st March 2019 and fixed his remuneration as ₹ 3,00,000/- (Rupees Three lakhs only) plus GST and reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor for the financial year ending 31st March 2019 has to be ratified by the shareholders.

Accordingly, the consent of the members is sought for passing an ordinary resolution set out in Item No.7 of the notice for ratification of remuneration payable to the Cost Auditor for the financial year ending 31st March 2019.

None of the Directors, Key Managerial Personnel of the company / their relatives are in any way, concerned or interested financially or otherwise in the resolution set out in Item No.7 of the notice.

The Board commends the ordinary resolution set out in Item No.7 of the notice for approval by the members.

By order of the Board
**For Kovai Medical Center and Hospital Limited**

**Sd/-**
**CS S.P. CHITTIBABU**
COMPANY SECRETARY

Place : Coimbatore
Date : 23.06.2018

## ANNEXURE

**The details of Directors' seeking reappointment in the forthcoming Annual General Meeting as per Regulation 36(3) of SEBI**

**(Refer Item No. 3, 5 & 6 of the Notice)**

| Name of the Director | Dr.M.C.Thirumoorthi | Dr.Mohan S Gounder | Dr.Arun N Palaniswami |
|---|---|---|---|
| Director Identification Number (DIN) | 00129814 | 02479218 | 02706099 |
| Date of Birth | 12.11.1947 | 26.11.1973 | 03.08.1979 |
| Date of Appointment on the Board | 16.09.1985 | 19.07.2013 | 25.09.2015 |
| Qualifications | MD AB (USA) | MD AB (USA) | MBBS, MD - Internal Medicine |
| Expertise | Specialist in Paediatric Infectious disease | Healthcare Practices & Process, Strategy & Information Technology | Hospital Operations, Quality Function including accreditations – NABH etc |
| Brief Resume | He is a paediatric infectious disease specialist in Detroit, Michigan and is affiliated with St. John Hospital and Medical Center. He received his medical degree from Stanley Medical College, Chennai and has been in practice for more than 30 years. He is presently Professor of Paediatrics at Wayne State University School of Medicine in Detroit, Michigan. | Over 18 years of experience of management, operations, consulting and teaching experience with a variety of healthcare and consulting organizations and university settings. Board Certified in Internal Medicine, Has been a healthcare administrator as Medical Director with one of the largest healthcare practices in USA. | 12 Years of Experience. Was practicing medicine in USA for 9 years. Insight into operations of various healthcare facilities across United States. Worked in Hospital Administration as Director of Quality Control in KMCH for last 3 years |
| Relationship between Directors Inter-se | NIL | Son of Dr.Nalla G Palaniswami & Dr.Thavamani Devi Palaniswami, Brother of Dr.Arun N Palaniswami & Dr.Purani P Palaniswami | Son of Dr.Nalla G Palaniswami & Dr.Thavamani Devi Palaniswami, Brother of Dr.Mohan S Gounder & Dr.Purani P Palaniswami |

| | | | |
|---|---|---|---|
| Directorship held in other Public Companies (excluding foreign, private and Section 8 Companies) | Public Limited Companies<br>1. Appu Hotels Ltd. | Public Limited Companies<br>1. AOSTA Software Technologies (I) Ltd.<br>2. Purani Hospital Supplies Ltd.<br>3. EDG Pharmaceuticals (India) Ltd. | Public Limited Companies<br>1. AOSTA Software Technologies (I) Ltd.<br>2. Purani Hospital Supplies Ltd.<br>3. EDG Pharmaceuticals (India) Ltd. |
| Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board | Nil | Nil | Nil |
| Shareholding in the company (as on 31.03.2018) | 6,013 | 10,000 | 10,000 |

By order of the Board
**For Kovai Medical Center and Hospital Limited**

**Sd/-**
**CS S.P. CHITTIBABU**
COMPANY SECRETARY

Place : Coimbatore
Date : 23.06.2018

**Dear Members,**

Your Directors take pleasure in presenting the Thirty Second Annual Report along with the audited financial statements for the year ended 31st March 2018.

## FINANCIAL HIGHLIGHTS (STANDALONE)

**₹ in Lakhs**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Operating Income | 59,236.63 | 53,107.33 |
| Other Income | 763.44 | 617.68 |
| **Total Income** | **60,000.07** | **53,725.01** |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) | 13,644.14 | 13,086.91 |
| **Profit Before Taxation (PBT)** | **8,941.90** | **9,233.61** |
| Less: Provision for Taxation | 3,144.16 | 3,236.26 |
| **Profit After Taxation** | **5,797.74** | **5,997.35** |
| Add: Other Comprehensive Income | (3.48) | (22.56) |
| **Total Comprehensive Income for the year** | **5,794.26** | **5,974.79** |

## RESULTS OF OPERATIONS

### STANDALONE

The income from operations for the financial year 2017-18 was ₹ 59,236.63 Lakhs registering a growth of 11.54% over the previous year income of ₹ 53,107.33 Lakhs. Earnings before interest, tax, depreciation and amortization (EBITDA) were ₹13,644.14 Lakhs registering a growth of 4.26% over the previous year EBITDA of ₹13,086.91 Lakhs.

Profit after tax (PAT) for the year was ₹ 5,797.74 Lakhs over the PAT of ₹ 5,997.35 Lakhs in year 2016-17. Reduction in PAT is due to enhanced Depreciation and Amortisation (consequent to re-assessment of useful life of Property, Plant & Equipment) amounting to ₹ 703.91 Lakhs.

## SUBSIDIARY COMPANY

Idhayam Hospitals Erode Limited is a wholly owned subsidiary of KMCH Limited. Total Income for the Financial Year 2017-18 was ₹ 35.67 Lakhs an increase of 5.04% over the previous year Total income of ₹ 33.96 Lakhs.

A statement of salient features of financials of Idhayam Hospitals Erode Limited pursuant to Section 129(3) of the Companies Act 2013 in Form AOC 1 is annexed as **"Annexure - I"** and forming part of the report.

Except the above, the Company has no other Subsidiary, Associate or Joint Venture company. Idhayam Hospitals Erode Limited is not a material subsidiary. The Board of Directors have formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing regulations. The same is displayed on the website of the company (http://kmchhospitals.com/wp-content/uploads/2016/pdf/Policy_on_subsidiaries.pdf).

## CONSOLIDATED FINANCIAL STATEMENTS

On consolidated basis, income from operations from current year under review was ₹ 59,236.63 Lakhs, higher by 11.54 % over year 2016-17 income of ₹ 53,107.33 Lakhs.

Profit after tax (PAT) for the year was ₹ 5,797.97 Lakhs over the PAT of ₹ 6,006.35 Lakhs in year 2016-17.

## MERGER

The Board at its meeting held on 03rd February 2017 approved the scheme of amalgamation of Idhayam Hospitals Erode Limited (Wholly Owned Subsidiary) with Kovai Medical Center and Hospital Limited effective 1st April 2016.

Pursuant to an Order dated 21st November, 2017 passed by the National Company Law Tribunal, Chennai Bench, separate meetings of Unsecured Creditors and Equity Shareholders of Kovai Medical Center and Hospital Limited was convened and held at the Registered Office of the Company, on 04th January, 2018, approving with or without modification(s), the proposed Scheme of Amalgamation and Arrangement between Idhayam Hospitals Erode Limited and Kovai Medical Center and Hospital Limited under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

The secured creditors of the Company had provides their no objection to the scheme of amalgamation.

Statutory Clearances from Regional Director, Company Law Board, Department of Income Tax, Government of India are awaited before the Tribunal hears and disposes the Company Petitions confirming the Scheme of Amalgamation.

## DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a dividend of ₹ 3.00 per share (30%) for the year 2017-18.

The dividend on equity shares, if approved by the members would involve the cash outflow of ₹ 395.74 Lakhs including dividend distribution tax.

## TRANSFER TO RESERVES

The company does not propose to transfer any amount out of the profit to reserves.

## BOARD MEETINGS

The Board of Directors met four times during this financial year. The disclosure on Board meetings and attendance of Directors are provided in the Corporate Governance Report.

## AUDIT COMMITTEE

The composition of Audit Committee, number of meetings held and the attendance of Directors there to have been provided under an identical head in the Corporate Governance Report.

## CORPORATE SOCIAL RESPONSIBILITIES

During the year in pursuance of the recommendations of the CSR Committee the company had contributed ₹142.42 Lakhs being 2% of the average net profit of the company towards implementing the CSR activities. Annual Report on CSR as required under Section 135 read with schedule VII and other applicable provisions of the Companies Act, 2013 is appended as **"Annexure - II"**.

## INFORMATION ON STATUS OF COMPANY'S AFFAIRS

Information on operational and financial performance etc., is provided in the Management Discussion and Analysis Report, which is annexed to the Directors' Report and has been prepared inter-alia in compliance with the terms of SEBI (LODR) Regulations, 2015.

## SHARE CAPITAL

The paid up equity share capital of the Company as on March 31, 2018 aggregates to ₹10,94,22,620/- comprising of 10942262 equity shares of ₹ 10/- each fully paid up.

## CREDIT RATING

CARE has affirmed your company's Long term bank facilities **'CARE A+'** (single A plus) and short term bank facilities to **'CARE A1+'** (A One plus) from 'CARE A1' ( A One).

## HOSPITAL ACCREDITATION

Your Hospital has been certified by National Accreditation Board for Hospitals and Health care providers (NABH) for the delivery of high standards for safety and quality care to the patients.

## DIRECTORS RESPONSIBILITY STATEMENT

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

## BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations 2015, a structured questionnaire was administered after taking into consideration of various aspects to the Board functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance to ascertain the efficacy and functioning of Board and its members.

The performance evaluation of Independent Directors was completed. The Board of Directors have expressed their satisfaction with the outcome of the evaluation process.

The performance evaluation of the Chairman of the Board and Non-independent Directors was carried out by the Independent Directors. The Independent Directors have expressed their satisfaction with the outcome of the evaluation process.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to requirement of SEBI (LODR) Regulations 2015, the company has a familiarization programme for the Independent Directors with regard to their role, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The Board members are provided with all the necessary documents / reports and internal policies to enable them to familiarize with the company's procedures and practices and the same is uploaded on the Company's website at www.kmchhospitals.com/Familiarization _Programme_for_Independent_Directors.pdf

## DIRECTORS

As per Article103(b) of the Articles of Association and Section 152(6) of the Companies Act, 2013, except Dr. Nalla G Palaniswami and Dr. Thavamani Devi Palaniswami, all other Executive and Non-Executive Non-Independent Directors are subject to retirement by rotation. Accordingly, Dr. M.C.Thirumoorthi, Director retires by rotation and being eligible has offered himself for re-appointment.

## DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declaration from each Independent Director of the Company under Section149 (7) of the Companies Act, 2013 that the Independent Directors of the Company met with the criteria of their Independence laid down in Section 149(6).

## COMPLIANCE OF CODE OF CONDUCT

The compliance of code of conduct by Directors have been affirmed by the Managing Director and is disclosed in the Corporate Governance Report.

## KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the company as stipulated under the Companies Act 2013 are Dr. Nalla G Palaniswami, Managing Director, Dr.Thavamani Devi Palaniswami, Joint Managing Director, Dr. Mohan S Gounder, Joint Managing Director, Dr. Arun N Palaniswami, Whole Time Director, CA M.K.Ravindra Kumar, Chief Financial Officer and CS S.P.Chittibabu, Company Secretary.

CA P.K.Gopikrishnan, Chief Financial Officer resigned from the services of the Company on 31st May 2017 after 12 years of service. The Board of Directors express their gratitude for the services during his tenure. CA M.K.Ravindra Kumar joined the Company as Chief Financial Officer with effect from 01st June 2017.

## PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

The particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure stipulated under Section 134(3)(m) of the Companies Act 2013 read witht he Companies (Accounts) Rule, 2014, are annexed here with as **"Annexure-III"** and forms part of this Report.

## CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year, there were no changes in the nature of business of the company or any of its subsidiary.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting financial position of the company which have occurred between the end of the financial year of the company to which the Financial Statements relate and date of the report.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT 2013

As on March 31, 2018, the Company has neither provided nor there any outstanding loans or guarantees covered under the provisions of Section 186 of the Act. The details of Investments covered under the provisions of Section 186 of the Act are given in Note No.5 to the financial statements.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has set up vigil mechanism for Directors and Employees to report their genuine concerns, the details of which are given in the Corporate Governance Report. The policy on Vigil Mechanism and Whistle Blower Policy have been posted on the website of the Company (http://kmchhospitals.com/wp-content/uploads/2016/pdf/Whistle_Blower_Policy.pdf).

## RELATED PARTY TRANSACTIONS AND POLICY ON RELATED PARTY TRANSACTIONS

All transactions with Related Parties are at arm's length and in the ordinary course of business duly approved by the Audit Committee of the Board. Hence there are no transactions which are either not in arm's length or which are material in nature requiring disclosure in Form AOC - 2. Hence **Form AOC-2** is not annexed to this report.

The Board has formulated Policy on Related Party Transactions and the same is uploaded on the Company's website at http://www.kmchhospitals.com/pdf/PolicyRelated Party Transaction.pdf.

## RISK MANAGEMENT

The steps taken by the company to mitigate the risk are disclosed under an identical head in the Management Discussion and Analysis forming part of Directors' Report.

## EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT 9 is annexed herewith as **"Annexure - IV"** and forming part of this report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status and the company's operations in future.

## HUMAN RESOURCE DEVELOPMENT

Your Company continues to place great importance to the development of human resources segment and the sustained focus on retention through employee engagement initiatives has made the employees realize their potential.

Learning and Development has provided various learning platforms which include classroom and online self - learning modules to meet the development need of employees to help build their skills, knowledge and capability.

The total strength of the employees of the Company as on 31st March 2018 was 4051 Nos.

## INDUSTRIAL RELATIONS

The industrial relations scenario continued to be cordial during the year under review.

## PARTICULARS OF REMUNERATION PAID TO KEY MANAGERIAL PERSONNEL

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the remuneration of Directors, Key Managerial Personnel and employees are enclosed as **“Annexure – V”** forming part of the report.

The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is http://www.kmchhospitals.com/pdf /Nomination.Remuneration Evaluation policy.pdf.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the work place (Prevention, Prohibition and Redressal) Act 2013. An Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under the policy.

During the year 2017-18, no complaints were received by the company related to sexual harassment.

## DEPOSITS

As per Section 73 of the Companies Act 2013 read with the Companies (Acceptance of Deposits), Rules 2014, the company has not accepted any deposits from the public during the year.

## SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the company has appointed M/s KSR & Co. Company Secretaries LLP, Coimbatore, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the company for the Financial Year 2017-18. Secretarial Audit Report is annexed herewith as **"Annexure -VI"** forming part of the report.

## COST AUDIT

In terms of Section 148 and other applicable provisions of the Companies Act 2013, read with Companies (Cost Records and Audit) Rules 2014, Mr.V.Sakthivel, Cost Accountant, M/s RKMS & Associates, Tirupur was appointed as Cost Auditor of the company by the Board on recommendation of Audit Committee for the Financial Year 2018-19. The remuneration of the Cost Auditor is subject to ratification by the members at the ensuing Annual General Meeting.

## STATUTORY AUDITORS

M/s. Haribhakti & Co. LLP, Chartered Accountants, (FRN.: 103523W/W100048) were appointed as Statutory Auditors of the Company for five consecutive years at the Annual General Meeting held on 25th September 2015 and the term enures up to the completion of the Audit of the Financial Year 2019-20. However in the context of certain proposed internal restructuring in the Audit Firm, the Company has opted for an early rotation. This was discussed with the Audit Firm and in order to facilitate smooth transition from financial year 2018-19, they have chosen to resign from the position of Statutory Auditors of the Company upon the completion of the audit for the financial year 2017-18 and have conveyed their No-Objection to the Company appointing another Statutory Auditor for the financial year 2018-19 vide their letter dated 11th June 2018.

As per the provisions of Section 139(8) of the Companies Act, 2013, casual vacancy caused by the resignation of auditors can be filled by the Board within 30 days of vacancy and is required to be approved by the Company in general meeting within three months thereof. Hence the Board of Directors at their meeting held on 23rd June 2018 appointed M/s.VKS Aiyer & Co., Chartered Accountants (FRN: 000066S), Coimbatore to fill the casual vacancy and that they will hold office until this Annual General Meeting. The Board proposes that M/s.VKS Aiyer & Co., Chartered Accountants, (FRN: 000066S), may be appointed as the Statutory Auditors of the Company for a period of 5 years in terms of Section 139(1) of the Companies Act, 2013.

M/s. VKS Aiyer & Co., Chartered Accountants, (FRN: 000066S), have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Your Board recommends the appointment of M/s VKS Aiyer & Co., Chartered Accountants, (FRN: 000066S) as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to the conclusion of the sixth consecutive Annual General Meeting to be held in the year 2023.

## LISTING WITH STOCK EXCHANGE

The equity shares of the Company are listed on the Bombay Stock Exchange Limited.

## CORPORATE GOVERNANCE

Your Company has been complying with the provisions of Corporate Governance as stipulated in Chapter IV and other relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance along with Practising Company Secretary's certificate on compliance of the Corporate Governance norms as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Management Discussion & Analysis forming part of this report are provided elsewhere in this Annual Report.

## ACKNOWLEDGEMENTS

The Board expresses its grateful appreciation for the continued assistance and co-operation received from Government Authorities, Financial Institutions, Banks, Customers, Suppliers and investors.

The Board also places on record its appreciation for the dedication and commitment extended by its consultants and employees at all levels and their contribution to the growth and progress of the company.

**For and on behalf of the Board**

| | | |
|---|---|---|
| | Sd/- | Sd/- |
| Place: Coimbatore | **DR. NALLA G PALANISWAMI** | **CA.A.M.PALANISAMY** |
| Date : 23.06.2018 | MANAGING DIRECTOR | DIRECTOR |

## ANNEXURE - I

## FORM AOC - 1

**(Pursuant to first proviso to sub Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)**

**Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures**

## PART -A- SUBSIDIARIES

### Name of the Subsidiary: Idhayam Hospitals Erode Limited

**(₹ in lakhs)**

| S.No. | Particulars | Idhayam Hospitals Erode Limited |
|---|---|---|
| 1. | Reporting Period | 01st April 2017 to 31st March 2018 |
| 2. | Reporting Currency | INR |
| 3. | Share Capital | 372.44 |
| | Reserves & Surplus | (282.54) |
| 4. | Total Assets | 291.58 |
| 5. | Total Liabilities | 291.58 |
| 6. | Investments | Nil |
| 7. | Turnover | 32.88 |
| 8. | Profit before Taxation | 1.60 |
| | Provision for Taxation | 1.39 |
| 9. | Profit after Taxation | 0.22 |
| 10. | Proposed Dividend | Nil |
| 11. | % of shareholding | 100% |

**For and on behalf of the Board**

Place: Coimbatore
Date : 23.06.2018

Sd/-
**DR. NALLA G PALANISWAMI**
MANAGING DIRECTOR

Sd/-
**CA.A.M.PALANISAMY**
DIRECTOR

## ANNEXURE - II

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   During the year, the company initiated sanitation programmes and infrastructure facilities to the educational institution under the head promotion of education in line with CSR policy of the company and within the purview of Schedule VII of the Companies Act 2013. Web link to the CSR Policy: http://www.kmchhospitals.com/CSR_Policy.pdf.

2. **Composition of the CSR Committee.**

   The CSR Committee consists of Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Mr.A.K.Venkatasamy and Mr.K.Saminathan, Directors of the company.

3. Average net profit of the company for last three financial years : ₹ 7120.80 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 142.42 Lakhs

5. Details of CSR spent during the financial year:

   a) Total amount spent for the financial year: ₹ 157.35 lakhs
   **(Including ₹ 12.34 Lakhs of previous year)**

   b) Amount unspent, if any: Nil * Work in progress **(Refer Point No. 6).**

   c) Manner in which the amount spent during the financial year is detailed below

**₹ in Lakhs**

| S No | CSR project or activity identified | Sector in which the project is covered | Projects or Programs (1) Local Area or other (2) State and district where projects or programs were undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or Programs (1) Direct expenditure on projects or programs (2) overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 | Construction of Toilet facilities | Sanitation | Veeriampalayam, Coimbatore Dist. Tamil Nadu | 10.80 | 8.15 | 10.80 | 10.80 (Direct) |

₹ in Lakhs

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | Construction of Sewage Treatment Plant | Sanitation | Kalapatti, Coimbatore Dist. Tamil Nadu | 31.00 | 4.19 | 31.00 | 31.00 (Direct) |
| 3 | Construction of Infrastructure facility to Educational Institution | Promotion of Education | Kalapatti, Coimbatore Dist. Tamil Nadu | 40.69 | 40.69 | 40.69 | 40.69 (Direct) |
| 4 | Contribution to Crematorium trust | Sanitation | Muthamizh Nagar, Coimbatore Dist. Tamil Nadu | 10.00 | 10.00 | 10.00 | 10.00 (Direct) |
| 5 | Construction of Toilet facilities | Sanitation | Veeriampalayam, Coimbatore Dist. Tamil Nadu | 47.20 | 47.20 | 47.20 | 47.20 (Direct) |
| 6 | Construction of Sewage Treament Plant | Sanitation | Kalapatti, Coimbatore Dist. Tamil Nadu | 17.97 | 17.97 | 17.97 | 17.97 (Direct) |
| 7 | Construction of Sewage Treament Plant | Sanitation | Kalapatti, Coimbatore Dist. Tamil Nadu | 29.15 | 29.15 | 29.15 | 29.15 (Direct) |
| | **TOTAL** | | | **186.81** | **157.35** | **186.81** | |

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: Nil

7. **CSR Committee Responsibility statement**

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company CSR Policy is available in the website of the Company and weblink is as under: http://www.kmchhospitals.com/CSR_Policy.pdf.

**For and on behalf of the Board**

Place: Coimbatore
Date : 23.06.2018

**Sd/-**
**DR. NALLA G PALANISWAMI**
MANAGING DIRECTOR

**Sd/-**
**K.SAMINATHAN**
DIRECTOR

## ANNEXURE-III

## PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

### Energy Conservation

Energy conservation means the efforts made to reduce the consumption of energy by using less of an energy service. Your company constantly and continuously applies all efforts for optimum utilization of the resources.

Energy consumption is monitored through Energy Management System. Through this system, areas which consume high volume of electricity are monitored and alternate steps are taken to optimize energy utilization.

Other energy conservation techniques that are employed include using equipment with 5 star ratings, use of movement sensors in bathrooms of the patient rooms (i.e., the lights are operated based upon human movement), operating a centralized A/c plant and phasing out tube lights with LED lights.

### Caring for the Environment

Your company adopts the concept of zero discharge technology, under which an effluent treatment plant had been set up and the sewage water is treated for toxic effluents. The treated water is used for horticulture.

Your company has been operating a waste management system. Through this, bio-degradable food wastes are decomposed and biogas is produced for captive consumption in your hospital canteen which in turn results in reduced LPG cost.

All the vehicles that are operated for the company adhere to pollution control regulations. Periodic maintenance activities are undertaken to comply with prescribed regulations and vehicle efficiency.

### Sustainable Development

Your company adopts the concept of 'Sustainable Development' i.e. meeting the needs of the present without compromising the ability of future generations to meet their own needs. By following this concept, your company has been operating a 4 Mega Watt Solar Power Generation Plant which caters to 58% of electricity requirement per annum and through which the company has been saving 44% on its electricity bills.

### Technology Absorption

Technology plays a very significant role in improved health care in India. Your Hospital constantly endeavours to bring latest state-of-the-art technology and in its efforts to offer excellent health care, keeps investing in latest technologies in clinical & critical care across all departments. Key significant investments include Somatom Force 3rd Generation Dual Source CT Scanner, Philips

Ingenia 1.5T Omega HP Digital MRI System, First Blood Irradiation Chambers, Fetoscopy equipment (procedures to handle delicate surgeries) and many more.

Investments in equipment in Financial year 2017-18 amounts to ₹ 3913.46 Lakhs. Your Hospital continuously upgrades its present technological set ups including upgradation of Cathlab.

**Foreign Exchange Earnings & Outgo**

**(i) Earnings in Foreign Currency**

Earnings in foreign currency during the year ended 31st March 2018 :Nil (Previous Year : Nil)

**(ii) Expenditure in Foreign Currency**

Expenditure in foreign currency during the year ended 31st March 2018 was ₹ 235.40 Lakhs (Previous Year : ₹ 238.94 Lakhs).

**For and on behalf of the Board**

| | | |
|---|---|---|
| | **Sd/-** | **Sd/-** |
| Place: Coimbatore | **DR. NALLA G PALANISWAMI** | **CA.A.M.PALANISAMY** |
| Date : 23.06.2018 | MANAGING DIRECTOR | DIRECTOR |

## ANNEXURE - IV

### Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

**as on the financial year ended on 31st March, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| i) | CIN | : L85110TZ1985PLC001659 |
| ii) | Registration date | : 29.08.1985 |
| iii) | Name of the company | : Kovai Medical Center and Hospital Limited |
| iv) | Category / Sub-category of the company | : Public Limited Company |
| v) | Address of the registered office and contact details | : 99, Avanashi Road, Coimbatore - 641 014<br>Phone : +91-422-4323800, 3083800<br>E-mail : secretarialdept@kmchhospitals.com<br>Website : www.kmchhospitals.com |
| vi) | Whether listed company | : Yes |
| vii) | Name, address and contact details of registrar and transfer agent, if any | : GNSA Infotech Ltd.<br>Nelson Chambers, F-Block, 4th Floor, No. 115, Nelson Manickam Road, Aminjikarai, Chennai - 600 029<br>Phone : +91-422-42962025<br>E-mail : sta@gnsindia.com |

## II. Principal business activities of the company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| S. No. | Name and description of main products / services | NIC code of the product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Healthcare Sector | 9300 | 100% |

## III. Particulars of holding, subsidiary and associate companies

| S. No. | Name and address of the company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Idhayam Hospitals Erode Limited | U85110TZ2001PLC009631 | Wholly owned Subsidiary | 100% | 2(87) of the Companies Act, 2013 |

## IV. Shareholding pattern (Equity share capital breakup as percentage of total equity)

### i) Category-wise shareholding

| S. No. | Category of shareholders | No. of shares held at the beginning of the year (01.04.2017) | | | | No. of shares held at the end of the year (31.03.2018) | | | | % of change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| (A) | **Promoters** | | | | | | | | | |
| (1) | **Indian** | | | | | | | | | |
| (a) | Individuals/ HUF | 1313674 | 101 | 1313775 | 12.01 | 1451591 | 101 | 1451692 | 13.27 | 1.26 |
| (b) | Central/State Govt.(s) | - | - | - | - | - | - | - | - | - |
| (c) | Bodies corporate | 4006461 | - | 4006461 | 36.61 | 4006461 | - | 4006461 | 36.61 | - |
| (d) | FI/ Banks | - | - | - | - | - | - | - | - | - |
| (e) | Any other | - | - | - | - | - | - | - | - | - |
| | **Sub-total (A)(1)** | **5320135** | **101** | **5320236** | **48.62** | **5458052** | **101** | **5458153** | **49.88** | **1.26** |
| **(2)** | **Foreign** | | | | | | | | | |
| (a) | NRIs - Individuals | 49393 | 77498 | 126891 | 1.16 | 55406 | 71485 | 126891 | 1.16 | - |
| (b) | Bodies corporate | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - |
| (d) | QFI | - | - | - | - | - | - | - | - | - |
| (e) | Any other | - | - | - | - | - | - | - | - | - |
| | **Sub-total (A)(2)** | **49393** | **77498** | **126891** | **1.16** | **55406** | **71485** | **126891** | **1.16** | **-** |
| | **Total shareholding of promoter and promoter group (A)= (A)(1)+ (A)(2)** | **5369528** | **77599** | **5447127** | **49.78** | **5513458** | **71586** | **5585044** | **51.04** | **1.26** |
| **(B)** | **Public shareholding** | | | | | | | | | |
| **(1)** | **Institutions** | | | | | | | | | |
| (a) | Mutual funds/UTI | 42937 | - | 42937 | 0.39 | - | - | - | - | (0.39) |
| (b) | FI/Banks | 133157 | - | 133157 | 1.22 | - | - | - | - | (1.22) |
| (c) | Central/ State Govt. (s) | - | - | - | - | - | - | - | - | - |
| (d) | Venture capital funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance companies | - | - | - | - | - | - | - | - | - |
| (f) | FII | - | - | - | - | - | - | - | - | - |
| (g) | Foreign venture capital | - | - | - | - | - | - | - | - | - |
| (h) | Alternate Investment Funds | - | - | - | - | 172368 | - | 172368 | 1.58 | 1.58 |
| (i) | Any other (Foreign Port Folio Investor) | 21967 | - | 21967 | 0.20 | 299050 | - | 299050 | 2.73 | 2.53 |
| | **Sub-Total (B)(1)** | **198061** | **-** | **198061** | **1.81** | **471418** | **-** | **471418** | **4.31** | **2.50** |
| (2) | **Non-institutions** | | | | | | | | | |
| (a) | Bodies corporate | 556766 | 533000 | 1089766 | 9.96 | 334296 | 531900 | 866196 | 7.92 | (2.04) |
| (b) | Individuals - i.Individual shareholders holding nominal share capital up to ₹ 1 lakh | 1402046 | 1122898 | 2524944 | 23.08 | 973968 | 883652 | 1857620 | 16.98 | (6.10) |
| | Individuals - ii.Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh | 109402 | - | 109402 | 1.00 | 462680 | 94523 | 557203 | 5.09 | 4.09 |
| (d) | Any other | - | - | - | - | - | - | - | - | - |
| (i) | Non Resident Indians | 370464 | 1132128 | 1502592 | 13.73 | 393289 | 1101316 | 1494605 | 13.66 | (0.07) |
| (ii) | Director & Relatives | - | 70370 | 70370 | 0.64 | - | 70370 | 70370 | 0.64 | - |
| (iii) | Clearing Member | - | - | - | - | 1110 | - | 1110 | 0.01 | 0.01 |
| (iv) | INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS | - | - | - | - | 38696 | - | 38696 | 0.35 | 0.35 |
| | **Sub-total (B)(2)** | **2438678** | **2858396** | **5297074** | **48.41** | **2204039** | **2681761** | **4885800** | **44.65** | **(3.76)** |
| | **Total public shareholding (B)= (B)(1)+ (B)(2)** | **2636739** | **2858396** | **5495135** | **50.22** | **2675457** | **2681761** | **5357218** | **48.96** | **(1.26)** |
| (C) | **Shares held by Custodian for GDRs & ADRs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Total (A)+(B) +(C)** | **8006267** | **2935995** | **10942262** | **100.00** | **8188915** | **2753347** | **10942262** | **100.00** | **0.00** |

## ii) Shareholding of Promoters

| S.No. | Shareholders Name | Shareholding at the beginning of the year (01.04.2017) | | | Shareholding at the end of the year (31.03.2018) | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No of shares | % of total shares of the company | % of shares pledged/ encumbered to total share | No. of Shares | % of total shares of the company | % of shares pledged/ encumbered to total shares | |
| 1 | DR. N.PALANISWAMI | 10000 | 0.09 | NIL | 10000 | 0.09 | NIL | 0.00 |
| 2 | DR. THAVAMANI DEVI PALANISWAMI | 1096730 | 10.02 | NIL | 1234647 | 11.28 | NIL | 1.26 |
| 3 | DR. BALASUNDARAM. S | 86944 | 0.79 | NIL | 86944 | 0.79 | NIL | 0.00 |
| 4 | DR. K S K MURUGAIYAN | 70000 | 0.64 | NIL | 70000 | 0.64 | NIL | 0.00 |
| 5 | DR. KALIANNAGOUNDER SUNDARAMOORTHY | 10000 | 0.09 | NIL | 10000 | 0.09 | NIL | 0.00 |
| 6 | DR. ARUN N PALANISWAMI | 10000 | 0.09 | NIL | 10000 | 0.09 | NIL | 0.00 |
| 7 | DR. MOHAN S PALANISWAMI | 10000 | 0.09 | NIL | 10000 | 0.09 | NIL | 0.00 |
| 8 | DR. PURANI P PALANISWAMI | 10000 | 0.09 | NIL | 10000 | 0.09 | NIL | 0.00 |
| 9 | MRS. MALLIKA MURUGAIYAN | 10000 | 0.09 | NIL | 10000 | 0.09 | NIL | 0.00 |
| 10 | DR. K C RAMASWAMI | 101 | 0.00 | NIL | 101 | 0.00 | NIL | 0.00 |
| 11 | M/s KOVAI PURANI FINANCE (P) LTD | 4006461 | 36.61 | NIL | 4006461 | 36.61 | NIL | 0.00 |
| 12 | MRS. VANI THIRUMOORTHI | 71485 | 0.65 | NIL | 71485 | 0.65 | NIL | 0.00 |
| 13 | DR. P R PERUMALSWAMI | 45193 | 0.41 | NIL | 45193 | 0.41 | NIL | 0.00 |
| 14 | DR. NANJAPPA C SADASIVAN | 4200 | 0.04 | NIL | 4200 | 0.04 | NIL | 0.00 |
| 15 | DR. M C THIRUMOORTHI | 6013 | 0.05 | NIL | 6013 | 0.05 | NIL | 0.00 |
| | **Total** | **5447127** | **49.78** | **NIL** | **5585044** | **51.04** | **NIL** | **1.26** |

### iii) Change in promotors' shareholding (please specify, if there is no change)

| S.No. | Shareholders Name | Shareholding at the beginning of the year (01.04.2017) | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | DR. N.PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 2 | DR. THAVAMANI DEVI PALANISWAMI | 1096730 | 10.02 | 1096730 | 10.02 |
| | 12.02.2018 - Market Purchase | 137917 | 1.26 | 1234647 | 11.28 |
| | At the end of the year (31.03.2018) | | | 1234647 | 11.28 |
| 3 | DR. BALASUNDARAM. S | 86944 | 0.79 | 86944 | 0.79 |
| | At the end of the year (31.03.2018) | | | 86944 | 0.79 |
| 4 | DR. K.S.K.MURUGAIYAN | 70000 | 0.64 | 70000 | 0.64 |
| | At the end of the year (31.03.2018) | | | 70000 | 0.64 |
| 5 | DR. KALIANNAGOUNDER SUNDARAMOORTHY | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 6 | DR. ARUN N PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 7 | DR. MOHAN S PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 8 | DR. PURANI P PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.3.2018) | | | 10000 | 0.09 |
| 9 | MRS. MALLIKA MURUGAIYAN | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 10 | DR. K C RAMASWAMI | 101 | 0.00 | 101 | 0.00 |
| | At the end of the year (31.03.2018) | | | 101 | 0.00 |
| 11 | M/s KOVAI PURANI FINANCE (P) LTD | 4006461 | 36.61 | 4006461 | 36.61 |
| | At the end of the year (31.03.2018) | | | 4006461 | 36.61 |
| 12 | MRS. VANI THIRUMOORTHI | 71485 | 0.65 | 71485 | 0.65 |
| | At the end of the year (31.03.2018) | | | 71485 | 0.65 |
| 13 | DR. P R PERUMALSWAMI | 45193 | 0.41 | 45193 | 0.41 |
| | At the end of the year (31.03.2018) | | | 45193 | 0.41 |
| 14 | DR. NANJAPPA C SADASIVAN | 4200 | 0.04 | 4200 | 0.04 |
| | At the end of the year (31.03.2018) | | | 4200 | 0.04 |
| 15 | DR. M.C.THIRUMOORTHI | 6013 | 0.05 | 6013 | 0.05 |
| | At the end of the year (31.03.2018) | | | 6013 | 0.05 |

## iv) Shareholding pattern of top ten shareholders:
## (other than Directors, Promotors and Holders of GDRs and ADRs):

| S No | Shareholders Name | Shareholding at the beginning of the year (01.04.2017) | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | M/s PAVAI PROPERTY DEVELOPERS (P) LTD | 519300 | 4.75 | 519300 | 4.75 |
| | At the end of the year (31.03.2018) | | | 519300 | 4.75 |
| 2 | M/s SUNDARAM ALTERNATIVE OPPORTUNITIES FUND - NANO CAP SERIES I | - | - | - | - |
| | 28.04.2017 - Market Purchase | 32021 | 0.29 | 32021 | 0.29 |
| | 05.05.2017 - Market Purchase | 224 | - | 32245 | 0.29 |
| | 12.05.2017 - Market Purchase | 1904 | 0.02 | 34149 | 0.31 |
| | 19.05.2017 - Market Purchase | 913 | 0.01 | 35062 | 0.32 |
| | 26.05.2017 - Market Purchase | 1376 | 0.01 | 36438 | 0.33 |
| | 16.06.2017 - Market Purchase | 16230 | 0.15 | 52668 | 0.48 |
| | 23.06.2017 - Market Purchase | 5164 | 0.05 | 57832 | 0.53 |
| | 30.06.2017 - Market Purchase | 4995 | 0.04 | 62827 | 0.57 |
| | 07.07.2017- Market Purchase | 6961 | 0.07 | 69788 | 0.64 |
| | 14.07.2017 - Market Purchase | 8431 | 0.07 | 78219 | 0.71 |
| | 21.07.2017 - Market Purchase | 966 | 0.01 | 79185 | 0.72 |
| | 28.07.2017 - Market Purchase | 2419 | 0.03 | 81604 | 0.75 |
| | 31.07.2017 - Market Purchase | 3500 | 0.03 | 85104 | 0.78 |
| | 04.08.2017 - Market Purchase | 3500 | 0.03 | 88604 | 0.81 |
| | 11.08.2017 - Market Purchase | 5208 | 0.05 | 93812 | 0.86 |
| | 18.08.2017 - Market Purchase | 4792 | 0.04 | 98604 | 0.90 |
| | 25.08.2017 - Market Purchase | 1198 | 0.01 | 99802 | 0.91 |
| | 15.09.2017 - Market Purchase | 3545 | 0.03 | 103347 | 0.94 |
| | 22.09.2017 - Market Purchase | 1113 | 0.01 | 104460 | 0.95 |
| | 10.11.2017 - Market Purchase | 825 | 0.01 | 105285 | 0.96 |
| | 17.11.2017 - Market Purchase | 1903 | 0.02 | 107188 | 0.98 |
| | 24.11.2017 - Market Purchase | 4378 | 0.04 | 111566 | 1.02 |
| | 27.11.2017 - Market Purchase | 2313 | 0.02 | 113879 | 1.04 |
| | 01.12.2017 - Market Purchase | 1169 | 0.01 | 115048 | 1.05 |
| | 08.12.2017 - Market Purchase | 13834 | 0.13 | 128882 | 1.18 |
| | At the end of the year (31.03.2018) | | | 128882 | 1.18 |
| 3 | M/s AUBURN LIMITED | - | - | - | - |
| | 02.03.2018 - Market Purchase | 102418 | 0.94 | 102418 | 0.94 |
| | 09.03.2018 - Market Purchase | 2162 | 0.02 | 104580 | 0.96 |
| | 16.03.2018 - Market Purchase | 100 | - | 104680 | 0.96 |
| | 23.03.2018 - Market Purchase | 7479 | 0.07 | 112159 | 1.03 |
| | 30.03.2018 - Market Purchase | 3825 | 0.03 | 115984 | 1.06 |
| | At the end of the year (31.03.2018) | | | 115984 | 1.06 |

| | | | | | |
|---|---|---|---|---|---|
| 4 | MR. VYNATHEYA BIDADI SHESHADRI | 109402 | 1.00 | 109402 | 1.00 |
| | 09.06.2017 - Market Sale | 6975 | 0.06 | 102427 | 0.94 |
| | 14.07.2017 - Market Purchase | 6579 | 0.06 | 109006 | 1.00 |
| | At the end of the year (31.03.2018) | | | 109006 | 1.00 |
| 5 | M/s RUNNER MARKETING PVT LTD | 100000 | 0.91 | 100000 | 0.91 |
| | At the end of the year (31.03.2018) | | | 100000 | 0.91 |
| 6 | M/s GRANDEUR PEAK EMERGING MARKETS OPPORTUNITIES FUND | 75083 | 0.69 | 75083 | 0.69 |
| | At the end of the year (31.03.2018) | | | 75083 | 0.69 |
| 7 | MRS. DHARMAPALAN DEVI | - | - | - | 0.00 |
| | 09.02.2018 - Market Purchase | 65341 | 0.60 | 65341 | 0.60 |
| | At the end of the year (31.03.2018) | | | 65341 | 0.60 |
| 8 | DR. JAGADA S JAGADEESAN | 62678 | 0.57 | 62678 | 0.57 |
| | At the end of the year (31.03.2018) | | | 62678 | 0.57 |
| 9 | MRS. MANI C MUDALIAR | 62580 | 0.57 | 62580 | 0.57 |
| | At the end of the year (31.03.2018) | | | 62580 | 0.57 |
| 10 | M/s SAKTHI SUGARS LTD | 200000 | 1.83 | 200000 | 1.83 |
| | 12.02.2018 - Market Sale | 137917 | 1.26 | 62083 | 0.57 |
| | At the end of the year (31.03.2018) | | | 62083 | 0.57 |

## v) Shareholding of Directors and Key Managerial Personnel:

| Sl No | Name of the Director / KMP | Shareholding at the beginning of the year (01.04.2017) | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | DR. N.PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 2 | DR. THAVAMANI DEVI PALANISWAMI | 1096730 | 10.02 | 1096730 | 10.02 |
| | 12.02.2018 - Market Purchase | 137917 | 1.26 | 1234647 | 11.28 |
| | At the end of the year (31.03.2018) | | | 1234647 | 11.28 |
| 3 | DR. MOHAN S PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 4 | DR. ARUN N PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | | | 10000 | 0.09 |
| 5 | DR. M.C.THIRUMOORTHI | 6013 | 0.05 | 6013 | 0.05 |
| | At the end of the year (31.03.2018) | | | 6013 | 0.05 |
| 6 | MR.A.K.VENKATASAMY | 2500 | 0.02 | 2500 | 0.02 |
| | At the end of the year (31.03.2018) | - | - | 2500 | 0.02 |
| 7 | CA. A.M. PALANISAMY | 4000 | 0.04 | 4000 | 0.04 |
| | At the end of the year (31.03.2018) | - | - | 4000 | 0.04 |
| 8 | Mr. K. SWAMINATHAN | 8000 | 0.07 | 8000 | 0.07 |
| | At the end of the year (31.03.2018) | - | - | 8000 | 0.07 |
| 9 | Dr. PURANI P PALANISWAMI | 10000 | 0.09 | 10000 | 0.09 |
| | At the end of the year (31.03.2018) | - | - | 10000 | 0.09 |
| 10 | CA.P.K.GOPIKRISHNAN (KMP upto 31.05.2017) | 100 | 0.00 | 100 | 0.00 |
| | At the end of the year (31.03.2018) | - | - | 100 | 0.00 |

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ In Lakhs

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | 12,114.16 | - | - | 12,114.16 |
| **Total (i+ii+iii)** | **12,114.16** | **-** | **-** | **12,114.16** |
| **Change in indebtedness during the financial year**<br>• Addition<br>• Reduction | 11,560.00<br>3,523.01 | -<br>- | -<br>- | 11,560.00<br>3,523.01 |
| Net Change | 8,036.99 | | | 8.036.99 |
| **Indebtedness at the end of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | 20,151.15 | - | - | 20,151.15 |
| **Total (i+ii+iii)** | **20,151.15** | **-** | **-** | **20,151.15** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

₹ in Lakhs

| S.No. | Particulars | Dr.Nalla G Palaniswami | Dr.Thavamani Devi Palaniswami | Dr.Mohan S Gounder | Dr.Arun N Palaniswami | Total Amount |
|---|---|---|---|---|---|---|
| 1 | Gross Salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 75.00 | 70.05 | 94.21 | 45.10 | 284.36 |
| | (b) Value of perquisites u/s.17(2) Income-tax Act, 1961 | 4.72 | 4.11 | - | 0.40 | 9.23 |
| | (c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2 | Stock Option | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission – as 2% of profit | 193.37 | 193.36 | - | - | 386.73 |
| 5 | Others, please specify* | - | - | - | - | - |
| | **Total (A)** | **273.09** | **267.52** | **94.21** | **45.50** | **680.32** |
| | Ceiling as per the Act (being 10% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013) | | | | | **966.81** |

* Plus contribution to PF, Superannuation, Gratuity, Encashment of leave to the extent permitted under the Act.

**B. Remuneration to other Directors:**

₹ in Lakhs

| S.No. | Particulars | Name of the Director | Total Amount |
|---|---|---|---|
| 1 | Independent Directors | | |
| | • Fee for attending board meetings | Mr.Kasi K Goundan | 0.10 |
| | | Dr.M.Manickam | 0.20 |
| | | CA.A.M.Palanisamy | 0.40 |
| | | Mr.A.K.Venkatasamy | 0.30 |
| | | Dr.M.A.Muthusethupathi | 0.20 |
| | | Mr.K.Saminathan | 0.40 |
| | • Commission | - | - |
| | • Others* | - | - |
| | **Total (1)** | | **1.60** |
| 2 | Other Non-Executive Directors | | |
| | • Fee for attending board meetings | Dr.M.C.Thirumoorthi | 0.10 |
| | | Dr.S.Krishnasamy (Alternate to Dr.Purani P Palaniswami) | 0.40 |
| | • Commission | - | - |
| | • Others* | - | - |
| | **Total (2)** | | **0.50** |
| | **Total (B) = (1+2)** | | **2.10** |
| | **Total Managerial Remuneration (A+B)** | | **682.42** |
| | Overall Ceiling as per the Act (being 11% of the net profit of the Company calculated as per Section 198 of the Companies Act, 2013) | | 966.81 |

* Plus contribution to PF, Superannuation, Gratuity, Encashment of leave to the extent permitted under the Act.

## C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

₹ In Lakhs

| S.No. | Particulars | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CFO | | Company Secretary | Total Amount |
| | | CA P.K.Gopikrishnan 01.04.2017 to 31.05.2017 | CA M.K.Ravindra Kumar 01.06.2017 to 31.03.2018 | CS S.P.Chittibabu | |
| 1 | Gross salary | 12.50 | 47.25 | 9.80 | 69.55 |
| | (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 | - | 0.33 | - | 0.33 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax, 1961 | 25.96 | - | - | 25.96 |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission – as 2% of profit | - | - | - | - |
| 5 | Others* | - | - | - | - |
| | **Total** | **38.46** | **47.58** | **9.80** | **95.84** |

* Plus contribution to PF, Superannuation, Gratuity, Encashment of leave to the extent permitted under the Act.

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

₹ In Lakhs

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any |
|---|---|---|---|---|---|
| **A.COMPANY** | | | | | |
| Penalty | -- | -- | -- | -- | -- |
| Punishment | -- | -- | -- | -- | -- |
| Compounding | -- | -- | -- | -- | -- |
| **B.DIRECTORS** | | | | | |
| Penalty | -- | -- | -- | -- | -- |
| Punishment | -- | -- | -- | -- | -- |
| Compounding | -- | -- | -- | -- | -- |
| **C.OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | -- | -- | -- | -- | -- |
| Punishment | -- | -- | -- | -- | -- |
| Compounding | -- | -- | -- | -- | -- |

**For and on behalf of the Board**

Place: Coimbatore
Date : 23.06.2018

**Sd/-**
**DR. NALLA G PALANISWAMI**
MANAGING DIRECTOR

**Sd/-**
**CA.A.M.PALANISAMY**
DIRECTOR

## ANNEXURE - V

Particulars of Remuneration of Directors and Employees pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration) Rules, 2014

**i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;**

| S. No. | Name of the Director | Ratio |
|---|---|---|
| 1 | Dr.Nalla G Palaniswami | 137 x |
| 2 | Dr.Thavamani Devi Palaniswami | 134 x |
| 3 | Dr.Mohan S Gounder | 47 x |
| 4 | Dr.Arun N Palaniswami | 23 x |
| 5 | Mr.Kasi K Goundan | - |
| 6 | Dr.M.Manickam | - |
| 7 | CA.A.M.Palanisamy | - |
| 8 | Dr.M.C.Thirumoorthi | - |
| 9 | Mr.A.K.Venkatasamy | - |
| 10 | Mr.K.Saminathan | - |
| 11 | Dr.M.A.Muthusethupathi | - |
| 12 | Dr.Purani P Palaniswami (Alternate - Dr.S.Krishnasamy ) | - |

- The median remuneration of employees of the company was ₹1.99 Lakhs
- For this purpose sitting fees paid to the directors have not been considered as remuneration.
- During the year, the non executive directors received only the sitting fees as remuneration.

## ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

| S. No. | Name of the Director / CFO / CS | % Increase / (Decrease) in remuneration |
|---|---|---|
| 1 | Dr.Nalla G Palaniswami | (1.40%) |
| 2 | Dr.Thavamani Devi Palaniswami | (0.10%) |
| 3 | Dr.Mohan S Gounder | 6.80% |
| 4 | Dr.Arun N Palaniswami | 14.41% |
| 5 | Mr.Kasi K Goundan | - |
| 6 | Dr.M.Manickam | - |
| 7 | CA.A.M.Palanisamy | - |
| 8 | Dr.M.C.Thirumoorthi | - |
| 9 | Mr.A.K.Venkatasamy | - |
| 10 | Mr.K.Saminathan | - |
| 11 | Dr.M.A.Muthusethupathi | - |
| 12 | Dr.Purani P Palaniswami (Alternate - Dr.S.Krishnasamy ) | - |
| 13 | CA P.K.Gopikrishnan (01.04.2017 to 31.05.2017) | 35.87% |
| 14 | CA.M.K.Ravindra Kumar (01.06.2017 to 31.03.2018) | Not Applicable |
| 15 | CS.S.P.Chittibabu | 7% |

(iii) The percentage increase in the median remuneration of employees in the financial year : 47%

(iv) The number of permanent employees on the rolls of company : 4,051

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentile increase granted to employees other than managerial personnel is 47%

The percentile increase granted to managerial personnel is 1.15%.

(vi) We affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the Company.

(vii) Statement of employees receiving remuneration not less than eight lakhs fifty thousand rupees per month.

| Name | Dr.Nalla G Palaniswami | Dr.Thavamani Devi Palaniswami |
|---|---|---|
| Designation of the employee | Managing Director | Joint Managing Director |
| Gross Remuneration | ₹ 273.09 lakhs | ₹ 267.52 Lakhs |
| Qualification | MBBS, MD AB (USA) | MBBS, AB(USA) |
| Date of Commencement of Employment | 01st October 1989 | 29th July 2000 |
| Last Employment | Hypertension, Obesity and Risk Factor Clinic, Wayne State University, Detroit, USA | Consultant in Pediatrics & Adolescence, City Clinic, Detroit, USA |

**Note :**

1. Dr.Nalla G Palaniswami & Dr.Thavamani Devi Palaniswami are related to each other. Dr.Thavamani Devi Palaniswami is Dr.Nalla G Palaniswami's wife.

2. Dr.Thavamani Devi Palaniswami owns more than 2% of the equity shares of the Company as on 31st March 2018.

3. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and other benefits.

4. Net remuneration is exclusive of contribution to provident fund, gratuity fund, other benefits and tax deduction.

**For and on behalf of the Board**

| | | |
|---|---|---|
| Place: Coimbatore | Sd/-<br>**DR. NALLA G PALANISWAMI**<br>MANAGING DIRECTOR | Sd/-<br>**CA.A.M.PALANISAMY**<br>DIRECTOR |
| Date : 23.06.2018 | | |

## ANNEXURE - VI
## SECRETARIAL AUDIT REPORT

To

The Members,
Kovai Medical Center and Hospital Limited,
99, Avanashi Road, Coimbatore - 641 014.

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For KSR & Co Company Secretaries LLP**

Place : Coimbatore
Date : 29.05.2018

**Sd/-**
**C.V.Madhusudhanan**
Partner
(FCS: 5367; CP: 4408)

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

**(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 For the Financial Year ended 31st March, 2018**

To

The Members,
Kovai Medical Center and Hospital Limited,
99, Avanashi Road, Coimbatore - 641 014.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kovai Medical Center and Hospital Limited (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2018 in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

(i) The Companies Act, 1956 and the Rules made there under to the extent applicable.
(ii) The Companies Act, 2013 and the Rules made there under.
(iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
(iv) The Depositories Act, 1996 and the Regulations framed there under.
(v) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(vi) **The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-**

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993.
g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
i. Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable provisions of Act / Regulations / Directions as mentioned above in respect of:

(i) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.
(ii) Issue of securities including debt instruments or securities.
(iii) Buy-back of securities.
(iv) Delisting of securities
(v) Issue of Employee Stock Options

(vi) **The following laws, regulations, directions, orders applicable specifically to the Company:**

a. The Medical Termination of Pregnancy Act, 1971
b. The Medical Termination of Pregnancy Rules, 1975
c. The Medical Termination of Pregnancy Regulations, 1975
d. The Pre-Conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection Act,1994)
e. The Pre-Natal Diagnostic Techniques (Regulation and Prevention of Misuse) Rules, 1996
f. Blood Bank Rules under Drugs and Cosmetics (Second Amendment) Rules, 1999
g. The Transplantation of Human Organs and Tissues Act, 1994
h. The Environment Protection Act, 1986 & Bio-Medical Waste (Management & Handling) Rules, 1998
i. The Pharmacy Act, 1948

We have also examined the compliance with applicable clauses of the following:

(i) Listing Agreement entered into with Stock Exchanges.
(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
(iii) Secretarial Standards under Section 118 of the Companies Act, 2013

**We further report that**

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period covered under the audit.

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. No dissenting views were found in the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the period covered under the Audit, the Company has not made any specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above.

**For KSR & Co Company Secretaries LLP**

Place : Coimbatore
Date : 29.05.2018

**Sd/-**
**C.V.Madhusudhanan**
Partner
(FCS: 5367; CP: 4408)

# MANAGEMENT DISCUSSION AND ANALYSIS

## HEALTHCARE - INDIA OVERVIEW

Healthcare has become one of India's most important sectors - both in terms of revenue and employment. Healthcare comprises of hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare sector is growing at a brisk pace due to its strengthening coverage, services and increasing expenditure by public as well private players.

India's competitive advantage lies in its large pool of well-trained medical professionals. India is also cost competitive compared to its peers in Asia and Western countries. The cost of surgery in India is about one-tenth of that in the US or Western Europe.

### Market Size

Deloitte Touche Tohmatsu India has predicted that with increased digital adoption, the Indian healthcare market, which is worth around USD 100 billion, will likely grow at a CAGR of 23 per cent to USD 280 billion by 2020. The healthcare market can increase three fold to USD 372 billion by 2022.

There is a significant scope for enhancing healthcare services considering that healthcare spending as a percentage of Gross Domestic Product (GDP) is rising. Rural India, which accounts for over 70 per cent of the population, is set to emerge as a potential demand source.

### Government Initiatives

Some of the major initiatives taken by the Government of India to promote Indian healthcare industry are as follows:

- India's first ever 'Air Dispensary', which is based in a helicopter, will be launched in the Northeast and the Ministry of Development of North East Region (DONER) has already contributed ₹ 25 crore (USD 3.82 million) for its funding.
- The Intensified Mission Indradhanush (IMI) has been launched by the Government of India with the aim of improving coverage of immunisation in the country and reach every child under two years of age and all the pregnant women who have not been part of the routine immunisation programme.
- Ministry of Health and Family Welfare is planning to spend more funds, over and above the current sanction of ₹ 955 crore (USD 148.22 million), to tackle lifestyle diseases such as cardiovascular disease (CVD), hypertension, obesity and diabetes in India.
- The Union Cabinet approved setting up of National Nutrition Mission (NNM) with a three year budget of ₹ 9,046.17 crore (USD 1.40 billion) to monitor, supervise, fix targets and guide the nutrition related interventions across the Ministries.
- The Government of India aims to increase the total health expenditure to 2.5 per cent of Gross Domestic Product (GDP) by 2025 from the current 1.15 per cent.

## ADVANTAGE INDIA

### Strong Demand

Healthcare revenue in India is set to reach USD 280 billion by 2020; expenditure is likely to expand at a CAGR of 17 per cent over 2011-20.Rising incomes, greater health awareness, lifestyle diseases and increasing access to insurance will contribute to growth. It is estimated that India will require 2.07 million more doctors by 2030 in order to achieve a doctor-to-population ratio of 1:1,000.

### Attractive Opportunities

Investment in healthcare infrastructure is set to rise, benefiting both 'hard' (hospitals) and 'soft' (R&D, education) infrastructure. India is the largest exporter of formulations with 14 per cent market share and ranks 12th in the world in terms of export value. Double-digit growth is expected over the next 5 years.

### Policy Support

The government aims to develop India as a global healthcare hub.

- Policy support in the form of reduced excise and customs duty and exemption in Goods and Services Tax.
- Creation of new drug testing laboratories and further strengthening of the 31 existing state laboratories.

## NOTABLE TRENDS IN THE INDIAN HEALTHCARE SECTOR

### Shift from Communicable to Lifestyle Diseases

With increasing urbanization and problems related to modern-day living in urban settings, currently about 50 percent of spending on in-patient diseases is for lifestyle diseases; this has increased the demand for specialized care. In India, lifestyle diseases have replaced traditional health problems.

Lifestyle diseases, also known as Non Communicable diseases (NCDs), are those which occur due to habits, lifestyle and surrounding environment of people. The main types of non-communicable diseases are diabetes, cardiovascular, neurological, orthopedic, cancer and chronic respiratory diseases. The main habits/lifestyle related factors contributing to these diseases include unhealthy food habits, lack of physical activity, stress, having certain body posture for long durations, and surrounding environment. Additionally, ageing of population further increases the occurrence of lifestyle diseases as people aged more than 40 are more susceptible to these ailments.

Though India has managed to control communicable diseases like polio, malaria and cholera, the lifestyle related diseases are on the rise. All the top specialties contributing to the revenues of hospitals are non-communicable diseases. The largest contributor is cardiology, which accounts for 25% of the total revenues of the hospital. Second largest contributor is neurology, accounting for 10% of revenues of the sample set, next is orthopedics (9%), and oncology (8%). The non-communicable diseases account for majority portion of the revenues of the hospitals and the expected rise in the incidence of these diseases will further boost the revenues of the hospitals, because of higher volumes, occupancy and Average Revenue per Occupied Bed (ARPOB) that these specialties provide.

KMCH, on their part expects large increase in Cardiac disease and Stroke related ailments. To address the stroke related ailments, we have put major focus on Cathlab, MRI and Mobile Stroke Unit. A unique helpline number 95665 95665 was established with a dedicated team of Doctors and nurses available 24 hours. It is truly a matter of great pride for Neurosciences, Interventional Radiology, Emergency Services, and Critical Care Department to have achieved this landmark.

Though the lifestyle diseases provide a lucrative opportunity to hospitals as the treatments are much more expensive and require hospitalization for longer period; however, recent regulatory actions are likely to trim the margins that hospitals get from some of these treatments. However, the hospitals have the flexibility to revise prices of services, package of the treatment, room rates, other consumables, doctor charges etc. to at least partly compensate for the decline in prices of the devices so the entire reduction in prices may not lead to commensurate drop in accruals.

**Home Healthcare**

With an aging population and the rapid increase in various types of chronic illnesses, there is an urgent need for quality healthcare. Private sector medical institutions and government hospitals are unable to cope since the average Indian finds them not easy to access. That's why the Indian home healthcare industry has a massive market to grow in.

Sophisticated and technologically advanced medical gadgets make it easier to monitor patients, regardless of their location - even for the most chronic and serious illnesses, heart failure, stroke rehabilitation and respiratory failure. There are many advantages that home healthcare services offer and for which customers are happy and willing to pay for, including:

- Convenience - cuts down on travel time and expense
- Provides personalized attention on a one on one basis
- Recovering in the familiar and comfortable environment of one's own home

**Increasing Penetration of Health Insurance**

Two thirds of the healthcare spending in the country is currently being met from out of pocket because of the low penetration of Health Insurance, which has led to the tendency of delaying or forgoing certain treatments, particularly discretionary treatments. Currently, only 11% of the population has access to any form of health insurance. However, the scenario is changing with more and more people opting for health insurance and many companies entering the market over the years. Health insurance in India reported a compounded annual growth rate (CAGR) of 19% over the last five years. As penetration of health insurance increases, it may be expected to drive more people to seek timely and superior healthcare services, which in turn would grow the patient pool and rise in healthcare spending.

**Increasing Trend in Medical Tourism**

Medical tourism industry also thrives on treatment of lifestyle diseases as the treatment of these diseases is complicated and is not available in many of the countries in South Asia, Africa and Middle East or is very expensive in developed countries such as USA, Germany, and United Kingdom etc. India enjoys the low cost advantage vis-à-vis other countries providing these treatments and Indian hospitals are well placed to benefit from the rising incidence of lifestyle diseases across countries majority of the medical tourists are availing bone marrow transplant, bypass surgery, renal transplants, hip replacement, knee replacement etc.

**POLICY SUPPORT AND GOVERNMENT INITIATIVES**

Encouraging the Private Sector & investments in rural areas

- Benefits of Section 10(23G) of the Income Tax Act, 1961 has been extended to financial institutions that provide long term capital to Hospitals with 100 beds or more.
- Government is encouraging the PPP Model to improve availability of healthcare services and provide healthcare financing.

**Tax Incentives**

- Benefits of Section 80 IB of Income Tax Act has been extended to new hospitals with 100 Beds or more set up in rural areas - such hospitals are entitled to 100 per cent deduction on profits for 5 years.
- All Healthcare, Education and Training Services exempt from Goods and Services Tax
- 250 percent deduction for approved expenditure incurred on operating technology such as telemedicine and remote radiology
- Income Tax exemption for 15 years for domestically manufactured medical technology products.

**Other Government Initiatives**

- National Health Policy, 2017 - a policy framework for achieving universal health coverage and delivering quality healthcare services to all at an affordable cost.
- An in-principle approval for a new category of over the counter (OTC) medicine has been given by the Drug Consultative Committee (DCC), Government of India to help save patients' time and money.

- State Telemedicine Network (STN): States and Union Territories have been provided support under the National Health Mission (NHM) under Programme Implementation Plan (PIP) to create reliable, ubiquitous and high speed network backbone.
- Government of India launched "Ayushman Bharat Programme" - National Health Protection Scheme to bring health care closer to homes (Union Budget - 2018 - 19). Project is largest government funded healthcare programme in the world, expected to benefit 100 million poor families by proving a cover of up to ₹ 5 Lakhs per family per year for secondary and tertiary care hospitalization.

Union Budget - 2018 - 19 - Health, education and social protection has been allocated ₹ 1.38 lakh crore (USD 21.32 billion), the Department of Health Research has been allocated ₹ 1,800 crore (USD 278.04 million), Rashtriya Swasthya Bima Yojna (RSBY) has been allocated ₹ 2,000 crore (USD 308.93 million), the National Rural Health Mission (NRHM) has been allocated ₹ 9,752.82 crore (USD 1.51 billion), the flexible pool for non- communicable diseases, injury and trauma has been allocated ₹ 1,004.67 crore (USD 155.19 million).

## OPPORTUNITIES

### Healthcare Infrastructure

- Additional 3 million beds needed for India to achieve the target of 3 beds per 1,000 people by 2025
- Additional 1.54 million doctors and 2.4 million nurses required to meet the growing demand for healthcare; 58,000 job opportunities are expected to be generated in the healthcare sector by the year 2025.
- Over USD 200 billion is expected to be spent on medical infrastructure by 2024.
- Over the years, India has made strategic interventions in National Health Mission and the national disease control programmes to ensure quality and affordable healthcare.

### Research

- Contract research is a fast growing segment in the Indian healthcare industry
- Cost of developing new drugs is as low as 60 per cent of the testing cost in the US
- About 60 per cent of global clinical trials is outsourced to developing countries

### Medical Tourism

- The Indian medical tourism industry is expected to reach USD 6 billion by 2018 from USD
- 3.0 billion in April 2017, growing at a CAGR of 27 per cent over 2013-16
- The number of foreign tourists coming to India for medical purposes rose by almost 50 per cent to 201,333 in 2016 from 134,344 in 2015.
- Cost of surgery in India is nearly one-tenth of the cost in developed countries

## THREATS

- Yoga, Meditation, Ayurveda, and other traditional methods of treatment are major service offerings that attract medical tourists from European nations and the Middle East to India and their gaining prominence are threats to modern healthcare.
- The Ministry of AYUSH, Government of India has been implementing various initiatives to promote ayurveda, yoga and other AYUSH systems of medicine on an international level and was allocated ₹ 15.28 crore (USD 2.36 million) in 2017-18 for this purpose.
- Many big players also setting up wellness centers across India, with traditional healthcare remedies as the focus of their offerings which pose a threat to the industry.
- The traditional (ayurvedic) market in India is expected to rise at a CAGR of 16 per cent over 2016-2021.
- Changes in regulation although well intended may have unintended effects and may change cross subsidization patterns thus resulting in hesitation of new medical products coming into India.

## INVESTING IN INDIA'S MEDICAL EDUCATION

### Rationale

In order to cater to healthcare needs of a population of 1.2 billion, India would need an additional 7 lakh doctors by 2022. There exists tremendous scope for establishing new medical institutes for producing world class doctors, nurses and paramedics. Private players are encouraged to set up medical institutions and the clause to permit medical colleges as commercial venture has been notified.

Indian doctors are world renowned in their expertise and have high reputation in the US, Canada, Australia, New Zealand, UK and other European nations. India has a demographic dividend in terms of a high share of young population.

Medicine as a profession commands tremendous respect in Indian society and a large number of youth aspire to become doctors, highlighting the tremendous demand for medical institutes.There is an existing gap in number of doctors to cater to the healthcare needs of the country. The current doctor: patient ratio of 1:1681 is below the World Health Organisation (WHO)- recommended figure of 1:1000.

Number of Medical Colleges needs to be increased from the present 439 and the Government recognizes the role of the private sector in this regard.

**Present Status**

Medical College proposed to be established for an annual student intake of 150 undergraduate students. Construction of 700 Bedded Medical College Teaching Hospital is underway and is slated to complete by end of March 2019. Other infrastructure like Students' Hostel, Staff Quarters are also under construction. The total cost of the Project is put at ₹ 600 Crores and is proposed to be part financed by way of a long term Debt. It is expected that the first intake of students will commence from academic year 2019-20. The Medical College will allow your Company to enter into low cost segment thus making KMCH into a comprehensive healthcare institution and also have an education foray.

## RISK MANAGEMENT

On account of multi-fold increase in scale and the expanded area of operations, your company gets exposed to a wide range of both internal and external risks and uncertainties. These internal and external factors may affect achievement of the company's objectives - whether they are strategic, operational or financial. Risk management's objective is to assure that uncertainty does not deflect the endeavor from the business goals. Adequate measures are taken to mitigate areas of significant risks that have been identified. Our risk management systems also ensure that risks are contained within manageable levels.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

KMCH is committed to maintain high standard of internal controls throughout its operations. Your company follows an internal control program that aims at safeguarding funds, provides efficient and effective management of assets and ensures accurate financial reporting. While reviewing our internal controls, sufficient regard is given to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them. Your company has a dedicated team of internal auditors. They review the entire operations of the company and submit their findings to the audit committee. The audit committee takes note of the same and guides the management in implementing the suggestions.

## CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the health care sector's objectives, projections, estimates, expectations and predictions contain "forward looking statements" within the meaning of applicable laws and regulations. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. Actual results might differ materially from those either expressed or implied.

# REPORT ON CORPORATE GOVERNANCE
## (Annexure to the Thirty Second Directors' Report 2017-18)

## INTRODUCTION

The Securities and Exchange Board of India (SEBI) in terms of powers conferred under SEBI Act 1992, notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and introduced Code of Corporate Governance (Code) by way of new Listing Agreement executed with the Stock Exchange. The company has complied with the mandatory requirements of the Code.

## 1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprise are built to last. The Company is committed to exercise the overall responsibilities. The company has a strong legacy of fair, transparent and ethical governance practice. The company is committed to learn and adopt the best practice of corporate governance.

## 2. BOARD OF DIRECTORS

### (a) Composition

As on 31st March 2018, the strength of the Board is twelve Directors of which four are Executive Directors. As per SEBI (LODR) Regulations 2015, if the Chairman is an Executive, atleast half of the Board should comprise of Independent Directors. There are six Independent Directors in our Board.

None of the Directors on the Board hold office of Director in more than ten Public Limited Companies or membership of the committees of the Board in more than ten committees and Chairmanship of more than five committees, across all companies.

| S.No. | Name of the Director | Category of Directors | Directorship in other Public Ltd. Companies | Membership and / or Chairperson of Committees in other Public Ltd. Companies |
|---|---|---|---|---|
| 1 | Dr.Nalla G Palaniswami | Promoter & Executive | 2 | --- |
| 2 | Dr.Thavamani Devi Palaniswami | Promoter & Executive | 4 | --- |
| 3 | Dr.Mohan S Gounder | Non-Independent & Executive | 3 | --- |
| 4 | Dr.Arun N Palaniswami | Non-Independent & Executive | 3 | --- |
| 5 | Mr.Kasi K Goundan | Independent & Non-Executive | --- | --- |
| 6 | Dr.M.Manickam | Independent & Non-Executive | 8 | 2 |
| 7 | CA.A.M.Palanisamy | Independent & Non-Executive | 1 | --- |
| 8 | Dr.M.C.Thirumoorthi | Promoter, Non-Independent & Non-Executive | 1 | --- |
| 9 | Mr.A.K.Venkatasamy | Independent & Non-Executive | 3 | --- |
| 10 | Mr.K.Saminathan | Independent & Non-Executive | --- | --- |
| 11 | Dr.M.A.Muthusethupathi | Independent & Non-Executive | --- | --- |
| 12 | Dr.Purani P Palaniswami (Alternate – Dr.S.Krishnasamy ) | Non-Independent & Non-Executive | 3 | --- |

All independent directors possess the requisite qualifications and are very experienced in their own fields. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

### b) Attendance of Directors at the Board Meetings and Annual General Meeting

The Board met four times during the financial year 2017-18. The meetings were held on 29th May 2017, 10th August 2017, 10th November 2017 and 08th February 2018. The Board of Directors of the Company had met not exceeding with a maximum time gap of one hundred and twenty days. The relevant details are as under:

| S.No. | Name of the Director | No. of Board Meetings held during the tenure | No. of Board Meetings attended during the tenure | Attendance at the last AGM (Yes/No) |
|---|---|---|---|---|
| 1 | Dr.Nalla G Palaniswami | 4 | 4 | Yes |
| 2 | Dr.Thavamani Devi Palaniswami | 4 | 3 | Yes |
| 3 | Dr.Mohan S Gounder | 4 | 4 | Yes |
| 4 | Dr.Arun N Palaniswami | 4 | 4 | Yes |
| 5 | Mr.Kasi K Goundan | 4 | 1 | No |
| 6 | Dr.M.Manickam | 4 | 2 | No |
| 7 | CA.A.M.Palanisamy | 4 | 4 | Yes |
| 8 | Dr.M.C.Thirumoorthi | 4 | 1 | No |
| 9 | Mr.A.K.Venkatasamy | 4 | 3 | Yes |
| 10 | Mr.K.Saminathan | 4 | 4 | Yes |
| 11 | Dr.M.A.Muthusethupathi | 4 | 2 | No |
| 12 | Dr.Purani P Palaniswami (Attended by Alternate Dr.S.Krishnasamy) | 4 | 4 | Yes |

The dates for the board meetings are fixed after taking into account the convenience of all the Directors and sufficient notice is given to them. Detailed agenda notes are sent to the Directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The Managing Director appraises the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board.

The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by the Company Secretary, Managing Director and the Chief Financial Officer regarding compliances of all laws on a quarterly basis.

## 3. COMPOSITION OF BOARD COMMITTEES

For effective and efficient functioning of the Company, the Board has formed the following Committees:

**a.** Audit Committee
**b.** Nomination and Remuneration Committee
**c.** Stakeholders Relationship Committee
**d.** CSR Committee

### (a) Audit Committee

The terms of reference of this committee covers matters specified under SEBI (LODR) Regulations 2015 and Section 177 of the Companies Act 2013 and other matters referred by the Board from time to time. The Committee lays emphasis on adequate disclosures and compliance with all relevant statutes.

The Board of Directors of the company has formed a Sub-Committee of the Board as Audit Committee consisting of three Non-Executive Directors viz. CA. A.M.Palanisamy, Mr.A.K.Venkatasamy and Mr. K.Saminathan. All the above Directors are Independent Directors.

| S. No. | Name of the Member | Status | No. of meetings held | No. of meetings attended |
|---|---|---|---|---|
| 1 | CA.A.M.Palanisamy | Chairman | 5 | 5 |
| 2 | Mr.A.K.Venkatasamy | Member | 5 | 3 |
| 3 | Mr.K.Saminathan | Member | 5 | 5 |
| | **Name of the Invitees** | | | |
| 1 | Mr.C.S.Sathyanarayanan / Mr.Kaushik Sidartha | Statutory Auditors | 5 | 4 |
| 2 | CA.M.K.Ravindra Kumar | Chief Financial Officer | 4 | 4 |
| 3 | CA.P.K.Gopikrishnan | Chief Financial Officer | 1 | 1 |
| 4 | CS.S.P.Chittibabu | Company Secretary | 5 | 4 |

### (b) Nomination and Remuneration Committee

The Board of Directors of the Company have formed a Sub-Committee of the Board known as Nomination and Remuneration Committee consisting of three Non-Executive Directors viz. CA. A.M.Palanisamy, Mr. A.K.Venkatasamy and Mr. K.Saminathan. CA. A.M.Palanisamy, an Independent Director is the Chairman of the Committee.

The following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at their meeting held on 23.05.2014.

**The objectives of the Policy are:**

1. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management Personnel one level below the Board of the quality required to run the company successfully.

2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

3. That the remuneration to Directors, KMP and Senior Management Personnel (one level below the Board) of the company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

4. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management (one level below the Board), Key Managerial Positions and to determine their remuneration.

5. To determine remuneration based on the company's size and financial position and trends and practices on remuneration prevailing in peer companies in the industry.

6. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel (one level below the Board) and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the company's operations.

7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage and

8. To lay down criteria for appointment and removal of Directors, KMP and Senior Management Personnel (one level below the Board) and evaluation of their performance.

   The remuneration for Managing Director, Joint Managing Directors and Whole Time Director for the Financial Year ended 31.03.2018 is paid on the basis of the approval accorded by the shareholders and in accordance with the limits laid down in Schedule V to the Companies Act, 2013.

   The Committee also recommends the remuneration and changes therein of Managing Director, Joint Managing Directors and Whole Time Director within the limits approved by the Shareholders.

**(I) Brief description of terms of reference is for:**

(A) Appointment of the Directors and Key Managerial Personnel of the Company; and

(B) Fixation of the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

## (II) Composition of committee and attendance of members

| S. No. | Name of the Member | Status | No. of meetings held | No. of meetings attended |
|---|---|---|---|---|
| 1 | CA.A.M.Palanisamy | Chairman | 2 | 2 |
| 2 | Mr.A.K.Venkatasamy | Member | 2 | --- |
| 3 | Mr.K.Saminathan | Member | 2 | 2 |

This committee recommends the appointment / reappointment of Executive Directors and the appointment of employees from the level of Vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Company Secretary is the Secretary of the Committee. During the financial year 2017-18 the committee met on 27.05.2017 and 07.02.2018.

The Nomination and Remuneration Policy of the company has been disclosed on the website of the company and the web link thereon is http://www.kmchhospitals.com/pdf/Nomination. Remuneration Evaluation Policy.pdf.

## (III) Remuneration to Directors

The details of remuneration paid / payable, sitting fees and commission paid to each Director during the year ended 31st March 2018 are given below

**₹ In Lakhs**

| S.No. | Name of the Director | Remuneration | Sitting Fees (Board Meeting) | Commission | No. of shares held |
|---|---|---|---|---|---|
| 1 | Dr.Nalla G Palaniswami | 79.72 | --- | 193.37 | 10,000 |
| 2 | Dr.Thavamani Devi Palaniswami | 74.16 | --- | 193.36 | 12,34,647 |
| 3 | Dr.Mohan S Gounder | 94.21 | --- | --- | 10,000 |
| 4 | Dr.Arun N Palaniswami | 45.10 | --- | --- | 10,000 |
| 5 | Mr.Kasi K Goundan | --- | 0.10 | --- | --- |
| 6 | Dr.M.Manickam | --- | 0.20 | --- | --- |
| 7 | CA.A.M.Palanisamy | --- | 0.40 | --- | 4,000 |
| 8 | Dr.M.C.Thirumoorthi | --- | 0.10 | --- | 6,013 |
| 9 | Mr.A.K.Venkatasamy | --- | 0.30 | --- | 2,500 |
| 10 | Mr.K.Saminathan | --- | 0.40 | --- | 8,000 |
| 11 | Dr.M.A.Muthusethupathi | --- | 0.20 | --- | --- |
| 12 | Dr.Purani P Palaniswami (Attended by Alternate Dr.S.Krishnasamy) | --- | 0.40 | --- | 10,000 |

Out of the total 12 directors, four are Executive Directors. The remuneration payable to these directors is determined by the Board on the recommendation of the Nomination and Remuneration Committee. The Non-Executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board.

There were no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the company during the Financial Year ended 31st March, 2018.

### (c) Stakeholders Relationship Committee

**Terms of Reference**

**Composition**

The Board of Kovai Medical Center and Hospital Limited constituted a Stakeholders Relationship Committee to facilitate prompt and effective redressal of shareholders' complaints and reporting of the same to the Board periodically. This Committee meets approximately every fortnight to consider the request for transfer of shares and investors' grievance received on regular basis.

| S. No. | Name of the Director and Position | Attendance |
|---|---|---|
| 1 | Dr.Nalla G Palaniswami, Member | Present |
| 2 | CA.A.M.Palanisamy, Chairman | Present |
| 3 | Mr.A.K.Venkatasamy, Member | Present |
| 4 | Mr.K.Saminathan, Member | Present |
| | **Name of the Invitee** | |
| 1 | CS.S.P.Chittibabu, Company Secretary | Present |

CA. A.M.Palanisamy, Non-executive Director is the Chairman of the committee. Dr. Nalla G Palaniswami, Mr.A.K.Venkatasamy and Mr.K.Saminathan are the other members of the committee.

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non-receipt of dividend warrants, non-receipt of share certificates etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agent. The committee met 23 times during the year 2017-18. The committee approved the transfer of 1,05,704 shares in physical form.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. CS S.P.Chittibabu, Company secretary is the Compliance Officer of the company. For any clarification / complaint, the shareholders may contact CS S.P.Chittibabu, Company Secretary at the registered office of the company.

During the financial year ended 31.03.2018, the company has received 12 complaints from the shareholders. All the complaints were redressed to the satisfaction of the shareholders.

### (d) Corporate Social Responsibility (CSR) Committee

The CSR Committee of the Board consists of the following Directors. Dr.Nalla G Palaniswami, Dr.Thavamani Devi Palaniswami, Mr.A.K.Venkatasamy and Mr.K.Saminathan.

During the year the Committee met two times and a detailed CSR spending report is appended as Annexure forming part of the Directors Report.

## 5. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company had met one time during the year on 08.02.2018 to review the performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had assessed the quality, quantity and timeliness of flow of information between the company management and the Board. The Independent Directors expressed their satisfaction on the performance of the Chairperson and other non-independent directors on the Board.

## 6. SUBSIDIARY COMPANY

The financials of the subsidiary company viz., M/s Idhayam Hospitals Erode Limited have been duly reviewed by the Audit Committee and the Board of the holding company. The Board minutes of the unlisted subsidiary company has been placed before the Board of the holding company.

The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary company. The Company has also formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website of the Company: www.kmchhospitals.com/InvestorRelations/Others/Policies/Policyon subsidiaries.

## 7. DISCLOSURES

### (a) Related Party Transactions

There have been no materially significant related party transactions as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 with the company's Promoters, Directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the company at large. All transactions are undertaken at arm's length and in the ordinary course of business. There were no transactions which are material in nature. The necessary disclosures regarding the transactions are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and necessary approval of the Audit Committee and Board of Directors were taken wherever required in accordance with the Policy.

Details of related party transactions including subsidiary company are disclosed in Note No.41 forming part of the Accounts, as required under Indian Accounting Standard 24 of The Instituteof Chartered Accountants of India.

The Company has also formulated a policy for determining the Material Related Party Transactions and the details of such policies for dealing with Related Party Transactions and such transactions are disseminated in the website of the Company.

**(b) Compliance by the Company**

The Company has fairly complied with the requirements of the Stock Exchange and SEBI. During the last three years, no penalties or strictures have been imposed on the Company, by the Stock Exchange or SEBI on any matter. The Board reviews periodically, the compliance report of all laws applicable to the Company.

**(c) Accounting Treatment**

The Accounting Standards issued by the Institute of Chartered Accountants of India is followed by the Company and the Company has not adopted a treatment different from that prescribed by any Accounting Standard in preparation of financial statements.

**(d) Insider Trading Policy**

The code of conduct for prevention of Insider Trading, as prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992 has been introduced with effect from 25.11.2002. The Company Secretary has been designated as the Compliance Officer for this purpose. The Board monitors the adherence to the various requirements as set out in the code. No violation of the code has taken place during the year. The Company has adopted Code of Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to regulate, monitor and report trading by employees and connected persons in terms of the said Regulations. The said Codes are posted on the website of the Company http://kmchhospitals.com/wp-content/uploads/2016/pdf/Code-of-conduct-for-prevention-of-Insider-Trading-and-Code-of-Fair-disclosure.pdf.

**(e) CEO / CFO Certification**

As required by SEBI (LODR) Regulations, 2015, the CEO and CFO certification on Financial Statements, Cash Flow Statement and Internal Control Systems for financial reporting for the year ended 31st March 2018 have been obtained and incorporated in the Company's Annual Report.

**(f) Compliance with Corporate Governance Norms**

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (LODR) Regulations, 2015.

**(g)Management Discussion and Analysis Report**

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

**(h)Unpaid / Unclaimed Dividend**

In terms of Section 124(6) and other applicable provisions of Companies Act 2013, any money transferred to unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, will be transferred to Investor Education and Protection Fund set up by the Govt. of India. No claim shall lie in respect thereof.

During the year, the company has transferred a sum of ₹ 5.44 Lakhs pertaining to the year 2009-10 as unclaimed dividend to the Investor Education and Protection Fund pursuant to Section 124 of the Companies Act 2013.

| S.No | Financial Year | Date of Declaration of Dividend | Due date for transfer to Investor Education and Protection Fund of Govt. of India |
|---|---|---|---|
| 1 | 2010-11 | 23.08.2011 | 21.09.2018 |
| 2 | 2011-12 | 13.07.2012 | 11.08.2019 |
| 3 | 2012-13 | 19.07.2013 | 17.08.2020 |
| 4 | 2013-14 | 03.09.2014 | 01.10.2021 |
| 5 | Jubilee Interim Dividend 2015-16 | 29.05.2015 | 27.06.2022 |
| 6 | 2014-15 | 25.09.2015 | 23.10.2022 |
| 7 | 2015-16 | 30.08.2016 | 28.09.2023 |
| 8 | 2016-17 | 11.08.2017 | 09.09.2024 |

**(i) Equity Shares in Suspense Account**

In compliance with SEBI (LODR) Regulations, 2015, the Company reports the following details of shares lying in Suspense Account.

a. Aggregate Number of Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year : 14 Shareholders - 3000 shares
b. Number of shareholders who approached issuer for transfer of shares from suspense account during the year : 6
c. Number of shareholders to whom shares were transferred from suspense account during the year : 6
d. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March 2018 : 8 shareholders - 2200 shares

As per the listing agreement, separate Demat Suspense Account has been opened with the Depository Participant and the voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the rightful owner of such shares claims the shares.

## 8. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has established a mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors / employees who avail of the mechanism. The company affirms that no personnel has been denied access to the Audit Committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 30 days after becoming aware of the same. All suspected violations and Reportable Matters are reported to the Chairman of the Audit Committee at e-mail id ampalanisamy@yahoo.co.in. The key directions / actions will be informed to the Managing Director of the Company.

## 9. CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT PERSONNEL

The standards for business conduct provide that the Directors and the Senior Management will uphold ethical values and legal standards as the company pursues its objectives and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website of the company. As provided under SEBI (LODR) Regulations, 2015, the Board members and Senior Management Personnel have affirmed compliance with the code of conduct for the Financial Year 2017-18.

## 10. REGISTRAR & SHARE TRANSFER AGENT AND DEPOSITORY REGISTRAR

M/s GNSA Infotech Limited is the Registrar for the demat segment and also the share transfer agent of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement. A Practising Company Secretary certifies on a quarterly basis the timely dematerialization of shares of the company.

Address and contact details of the RTA :

**GNSA Infotech Limited**
**STA Department**
Nelson Chambers, F-Block, 4th Floor,
No.115 Nelson Manickam Road,
Aminjikarai, Chennai - 600 029.
Tel. No.: 044 – 42962025;
Fax No.: 044 - 42962025
E-mail : sta@gnsaindia.com

## 11. (a) SHARE TRANSFER SYSTEM

Request for transfer of shares held in physical forms, received by the company are processed and generally, the share certificates are dispatched within the stipulated time under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, these documents are clear and complete in all aspects except, in cases where there are disputes over title of shares.

Certificate of compliance for share transfer formalities as required under SEBI (LODR) Regulations, 2015 was obtained from a Company Secretary in Practice and filed with the Stock Exchange.

### (b) DEMATERIALISATION OF SHARES

The Company has already entered into agreements, with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the Company, to select the Depository of their choice for holding and dealing in shares in electronic form.

The shareholders are requested to make use of such facility for maximizing their convenience in dealing with Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 177F01017.

As on 31.03.2018, 75% of the Company's paid-up equity capital was held in dematerialized form. The Company has not issued any ADRs/GDRs/Warrants or any Convertible Instruments during the year.

## 12. MEANS OF COMMUNICATION

**Quarterly Results:** The quarterly financial results are generally published within forty five days from the end of each quarter.

**Audited Results:** The audited results are announced within sixty days from the end of the last quarter as stipulated in SEBI (LODR) Regulations, 2015. The audited annual financial results form a part of the Annual Report and the same is being sent to the shareholders prior to the Annual General Meeting.

**Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz: www.kmchhospitals.com.

## 13. SHAREHOLDERS MEETING

**During the period, one General Meeting was held as per the details hereunder:**

| Particulars | 31st AGM 2017 |
| --- | --- |
| Date of the meeting | 11.08.2017 |
| No. of Members Attended | 186 |
| No. of Proxies Attended | Nil |
| Chairman of the Meeting | Dr.Nalla G Palaniswami |
| Chief Financial Officer | Mr.M.K.Ravindra Kumar |
| Company Secretary | Mr.S.P.Chittibabu |

The details of the Annual General Meetings / Extra-ordinary General Meeting held during the last three years are as under

| Year | Date | Venue | Time |
| --- | --- | --- | --- |
| 2016-17 | 11.08.2017 | A.P.Kalyana Mandapam, Goldwins, Coimbatore | 11.00 a.m. |
| 2015-16 | 30.08.2016 | A.P.Kalyana Mandapam, Goldwins, Coimbatore | 11.00 a.m. |
| 2014-15 | 25.09.2015 | A.P.Kalyana Mandapam, Goldwins, Coimbatore | 11.00 a.m. |

The following Special Resolutions were passed by the Members during the previous three Annual General Meetings.

**At the Annual General Meeting held on September 25, 2015:**

- Amendment of Articles of Association of the company pursuant to the Companies Act 2013
- Re-appointment of Joint Managing Director

**At the Annual General Meeting held on August 30, 2016: Nil**

**At the Annual General Meeting held on August 11, 2017: Nil**

### Postal Ballot

During the year as per the direction of National Company Law Tribunal (NCLT), a special resolution was passed by the members through postal ballot for the merger of Idhayam Hospitals Erode Limited (wholly owned subsidiary company) with Kovai Medical Center and Hospital Limited.

## 14. GENERAL SHAREHOLDERS INFORMATION

| | |
|---|---|
| a. AGM Date, time and venue | 06th August 2018 at 11.00 a.m.<br>A.P.Kalyana Mandapam<br>738/2, Avanashi Road,<br>Goldwins<br>Coimbatore - 641 014. |
| b. Financial Calender<br>1st Quarter<br>2nd Quarter<br>3rd Quarter<br>4th & last Quarter | <br>1st April to 30th June<br>1st July to 30th September<br>1st October to 31st December<br>1st January to 31st March |
| c. Date of Book closure | 29th July 2018 to 6th August 2018<br>(both days inclusive) |
| d. Dividend payment date | On or before 5th September 2018 |
| e. Listing of<br>i. Equity Shares<br><br><br><br>ii. Listing Fees | <br>Bombay Stock Exchange Limited (BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street,<br>Mumbai – 400 001<br><br>Paid for the above Stock Exchange for 2017-18 and 2018-19. |
| f. Custodial Fees | Paid the fees to NSDL and CDSL for 2017-18 and 2018-19. |
| g. Compliance officer & Address for Correspondence | CS.S.P.Chittibabu, Company Secretary<br>99, Avanashi Road, Coimbatore – 641 014. |
| h. Stock Exchange Security Code for<br>Equity Shares :<br>Bombay Stock Exchange Limited | <br>Security Code: 523323<br>Security ID : KOVAI |
| i. Demat ISIN Numbers in NSDL & CDSL for Equity Shares | INE 177F01017 |
| j. Branches | 1. KMCH – City Center<br>18, Vivekananda Road, Ram Nagar,<br>Coimbatore – 641 009.<br><br>2. KMCH – Erode Center<br>68, Perundurai Road, Erode – 638 011.<br><br>3. KMCH – Speciality Hospital<br>16, Palaniappa Street, Erode – 638 009.<br><br>4. KMCH – Sulur Hospital<br>242-B, Trichy Road, Coimbatore – 641 402.<br><br>5. KMCH – Kovilpalayam Hospital<br>87-F, Sathy Road,<br>Sarkar Samakulam Post, Kovilpalayam<br>Coimbatore - 641 107 |

## 15. RECONCILIATION OF SHARE CAPITAL AUDIT

For each of the quarter in the Financial Year 2017-18, a qualified Practising Company Secretary, carried out Share Capital Audit as stipulated by the Securities and Exchange Board of India to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued / listed capital.

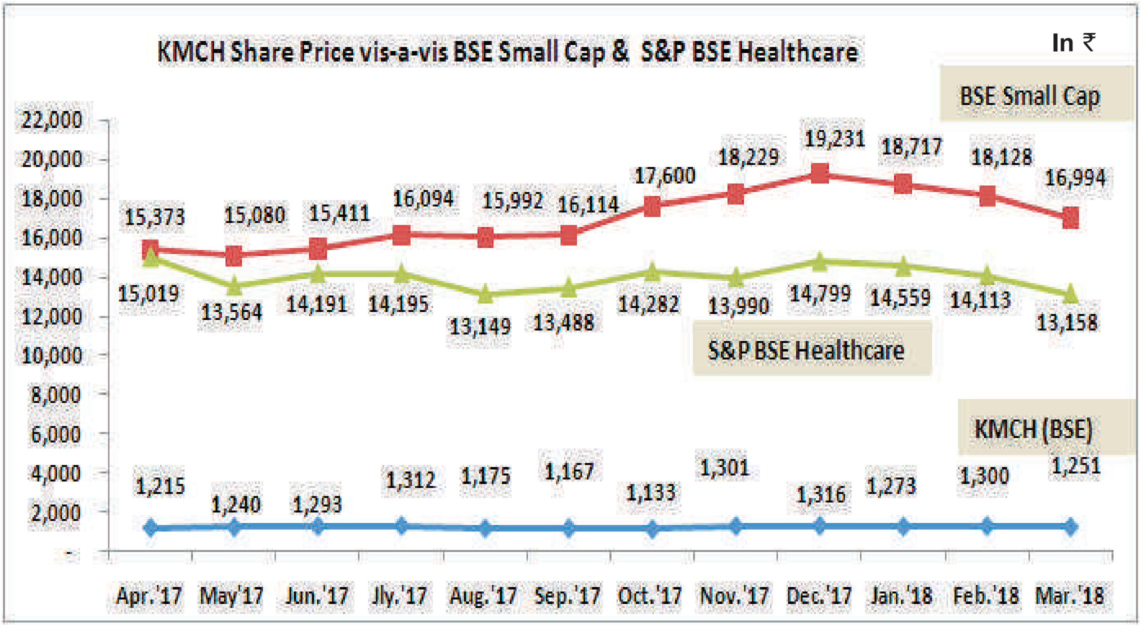
The Audit Reports confirm the total issued / paid-up capital, is in agreement with total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and in respect of the above, quarterly Secretarial Audit Report was filed with the Stock Exchange.

## 16. STOCK MARKET DATA

Monthly high and low quotations of shares traded on Bombay Stock Exchange for the period April 2017 to March 2018 is given below.

**In ₹**

| Month | High | Low |
|---|---|---|
| April 2017 | 1378.00 | 1145.00 |
| May 2017 | 1252.00 | 1159.05 |
| June 2017 | 1293.60 | 1170.00 |
| July 2017 | 1480.00 | 1250.00 |
| August 2017 | 1394.00 | 1151.05 |
| September 2017 | 1239.95 | 1024.00 |
| October 2017 | 1183.90 | 1072.00 |
| November 2017 | 1300.55 | 1115.00 |
| December 2017 | 1433.80 | 1260.00 |
| January 2018 | 1390.00 | 1250.10 |
| February 2018 | 1361.00 | 1180.05 |
| March 2018 | 1304.00 | 1155.00 |




## 17. DISTRIBUTION OF SHAREHOLDERS

(a) Distribution of shareholding as at 31st March 2018

| No. of Equity Shares (Slab) | No. of Share Holders | Percentage of Shareholders | Nos. | Percentage of Shareholding |
|---|---|---|---|---|
| 1 - 500 | 6561 | 88.60 | 697198 | 6.37 |
| 501 - 1000 | 426 | 5.75 | 388785 | 3.55 |
| 1001 - 2000 | 142 | 1.92 | 227568 | 2.08 |
| 2001 - 3000 | 68 | 0.92 | 179604 | 1.64 |
| 3001 - 4000 | 20 | 0.27 | 71471 | 0.65 |
| 4001 - 5000 | 20 | 0.27 | 94892 | 0.87 |
| 5001 - 10000 | 57 | 0.77 | 479809 | 4.39 |
| Above 10000 | 111 | 1.50 | 8802935 | 80.45 |
| **TOTAL** | **7405** | **100.00** | **10942262** | **100.00** |

(b) Categories of shareholders as on 31st March 2018

| S. No. | Category of Shareholders | Total Number of Shares | Percentage (%) |
|---|---|---|---|
| 1 | Promoters | 5585044 | 51.04 |
| 2 | Bodies Corporate | 1338724 | 12.23 |
| 3 | General Public | 2523889 | 23.07 |
| 4 | Non-Resident Indians | 1494605 | 13.66 |
| | **Total** | **10942262** | **100.00** |

**For and on behalf of the Board**

Place: Coimbatore
Date : 23.06.2018

**Sd/-**
**DR. NALLA G PALANISWAMI**
MANAGING DIRECTOR

**Sd/-**
**CA.A.M.PALANISAMY**
DIRECTOR

**DECLARATION BY THE MANAGING DIRECTOR UNDER SEBI (LODR) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Regulation 34 (3) read with para D of schedule V of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with their respective code of conduct, as applicable to them, for the Financial Year ended 31st March 2018.

**For Kovai Medical Center and Hospital Limited**

Place: Coimbatore
Date : 29.05.2018

**Sd/-**
**DR. NALLA G PALANISWAMI**
MANAGING DIRECTOR

**To**

**The Board of Directors,**
**Kovai Medical Center and Hospital Limited,**
**Coimbatore.**

**CERTIFICATE PURSUANT TO REGULATION 17(8) AND PART B OF SCHEDULE II OF SEBI (LODR) REGULATIONS, 2015 FOR THE FINANCIAL YEAR 2017-18**

We, Dr.Nalla G Palaniswami, Managing Director and CA.M.K.Ravindra Kumar, Chief Financial Officer of Kovai Medical Center and Hospital Limited hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the company's internal control system over financial reporting. However, during the year there was no such instance.

| | | |
|---|---|---|
| | **Sd/-** | **Sd/-** |
| Place: Coimbatore | **DR. NALLA G PALANISWAMI** | **CA M.K. RAVINDRA KUMAR** |
| Date : 29.05.2018 | MANAGING DIRECTOR | CHIEF FINANCIAL OFFICER |

# CERTIFICATE ON CORPORATE GOVERNANCE

**To**

**The Members of Kovai Medical Center and Hospital Limited,**
**Coimbatore.**

I have examined the compliance conditions of Corporate Governance by Kovai Medical Center and Hospital Limited ('the Company') for the year ended 31st March 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the listing regulations for the period 1st April, 2017 to 31st March, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination is limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion of the financial statements of the company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing regulations applicable.

I further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For R. RAMCHANDAR & ASSOCIATES**
COMPANY SECRETARIES

**Sd/-**
**R. Ramchandar**
M.No.33068 CP No.12240

Place : Coimbatore
Date : 12.05.2018

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Kovai Medical Center and Hospital Limited**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **Kovai Medical Center and Hospital Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Standalone Ind AS Financial Statements").

**Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, its profit (financial performance including other comprehensive income) its cash flows and changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

(1) As required by the Companies (Auditors' Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in “Annexure 1”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in “Annexure 2”.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;

   (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

   (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W /W100048

Sd/-
**Kaushik Sidartha**
Partner
Membership No. 217964

Date: 29-05-2018
Place: Coimbatore

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center and Hospital Limited on the standalone Ind AS financial statements for the year ended March 31, 2018]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.

(iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.

(iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

**AND**

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Customs Act | Customs Duty | 189.46 Lakhs | 1999-2000 & 2000-2001 | High court Chennai |
| Finance Act | Service Tax | 78.00 Lakhs | 2010-2011 | Central Excise, Customs & Service Tax Appellate Tribunal |

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company did not raise any money by way of initial public offer or further public offer including debt instruments during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W /W100048

Sd/-
**Kaushik Sidartha**
Partner
Membership No. 217964

Date: 29-05-2018
Place: Coimbatore

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Kovai Medical Center and Hospital Limited on the standalone Ind AS financial statements for the year ended March 31, 2018]

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Kovai Medical Center and Hospital Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W /W100048

Sd/-
**Kaushik Sidartha**
Partner
Membership No. 217964

Date: 29-05-2018
Place: Coimbatore

## BALANCE SHEET AS AT 31ST MARCH 2018

₹ in Lakhs

| Particulars | Notes | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|---|
| **I ASSETS** | | | | |
| **A Non-current assets** | | | | |
| a) Property, plant and equipment | 2 | 43,922.49 | 35,377.73 | 33,707.85 |
| b) Capital work-in-progress | 3 | 1,287.57 | 564.86 | 1,009.54 |
| c) Intangible assets | 4 | 81.69 | 26.57 | 37.02 |
| d) Financial Assets | | | | |
| i) Investments | 5 | 380.08 | 388.68 | 382.10 |
| ii) Other financial assets | 6 | 515.80 | 514.98 | 466.28 |
| e) Other non-current assets | 7 | 2,486.49 | 352.16 | 280.03 |
| **Total non - current assets (A)** | | **48,674.12** | **37,224.98** | **35,882.82** |
| **B Current assets** | | | | |
| a) Inventories | 8 | 1,082.71 | 877.76 | 854.84 |
| b) Financial Assets | | | | |
| i) Trade receivables | 9 | 1,382.21 | 1,175.35 | 897.32 |
| ii) Cash andcash equivalents | 10 | 2,365.20 | 1,749.99 | 1,183.92 |
| iii) Bank balances other than (ii) above | 11 | 6,856.78 | 5,062.81 | 3,909.77 |
| iv) Other financial assets | 12 | 272.50 | 171.28 | 66.58 |
| c) Other current assets | 13 | 120.21 | 128.46 | 162.43 |
| **Total current assets (B)** | | **12,079.61** | **9,165.65** | **7,074.86** |
| **Total Assets (A+B)** | | **60,753.73** | **46,390.63** | **42,957.68** |
| **II EQUITY AND LIABILITIES** | | | | |
| **A Equity** | | | | |
| a) Equity share capital | 14 | 1,094.23 | 1,094.23 | 1,094.23 |
| b) Other equity | 15 | 27,904.61 | 22,439.59 | 16,662.35 |
| **Total Equity (A)** | | **28,998.84** | **23,533.82** | **17,756.58** |
| **B Non-current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 16 | 16,456.18 | 8,572.38 | 12,079.41 |
| ii) Other financial liabilities | 17 | 56.40 | 54.49 | 45.92 |
| b) Provisions | 18 | 700.84 | 580.50 | 565.87 |
| c) Deferred tax liabilities (Net) | 19 | 3,978.05 | 3,998.74 | 3,315.89 |
| d) Other non-current liabilities | 20 | 3.96 | 6.44 | 7.34 |
| **Total non - current liabilities (B)** | | **21,195.43** | **13,212.55** | **16,014.44** |
| **C Current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 21 | 8.87 | 433.44 | 552.40 |
| ii) Trade payables | 22 | 2,022.12 | 1,624.74 | 1,871.99 |
| iii) Other financial liabilities | 23 | 6,576.43 | 5,686.72 | 5,262.63 |
| b) Provisions | 24 | 412.40 | 335.48 | 222.54 |
| c) Other current liabilities | 25 | 1,539.64 | 1,563.88 | 1,277.10 |
| **Total current liabilities (C)** | | **10,559.46** | **9,644.26** | **9,186.66** |
| **Total Equity and Liabilities (A+B+C)** | | **60,753.73** | **46,390.63** | **42,957.68** |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements
As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Place : Coimbatore
Date : 29-05-2018

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

₹ in Lakhs

| Particulars | Notes | 2017 - 18 | 2016 - 17 |
|---|---|---|---|
| I Revenue from Operations | 26 | 59,236.63 | 53,107.33 |
| II Other Income | 27 | 763.44 | 617.68 |
| **III Total Income (I+II)** | | **60,000.07** | **53,725.01** |
| **IV EXPENSES** | | | |
| Cost of Medicines & Hospital Consumables Consumed | 28 | 17,207.64 | 15,974.10 |
| Employee Benefits Expense | 29 | 9,821.66 | 8,772.97 |
| Finance Costs | 30 | 1,286.13 | 1,472.07 |
| Depreciation and Amortization Expense | 31 | 3,416.11 | 2,381.23 |
| Other Expenses | 32 | 19,326.63 | 15,891.02 |
| **Total Expenses (IV)** | | **51,058.17** | **44,491.40** |
| **V Profit before Exceptional items and tax (III - IV)** | | **8,941.90** | **9,233.61** |
| **VI Exceptional Items** | | - | - |
| **VII Profit Before Tax (V - VI)** | | **8,941.90** | **9,233.61** |
| **VIII Tax Expenses/ (benefit)** | | | |
| Current Tax (Net) | 33 | 3,163.01 | 2,536.77 |
| Prior Year Tax | | - | 1.23 |
| Deferred Tax | | (18.85) | 698.26 |
| **IX Profit for the year (VII - VIII)** | | **5,797.74** | **5,997.35** |
| **X Other Comprehensive Income** | | | |
| i) Items that will not be reclassified to profit or loss: | | | |
| a) Re-measurement of post employment benefit obligations | | (2.72) | (44.56) |
| b) Changes in equity instruments measured at FVOCI | | (2.60) | 6.58 |
| ii) Income tax relating to items that will not be reclassified into profit or loss | | 1.84 | 15.42 |
| **XI Total Comprehensive Income for the year (IX + X)** | | **5,794.26** | **5,974.79** |
| **XII Earnings Per Equity Share (In ₹)** | | | |
| Basic / Diluted (Face Value of ₹ 10 Each) | 37 | 52.98 | 54.81 |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

Place : Coimbatore
Date : 29-05-2018

## STATEMENT OF CHANGES IN EQUITY

### A) Share Capital

| Particulars | ₹ in Lakhs |
|---|---|
| Balance as at 1st April 2016 | 1,094.23 |
| Changes in Equity share capital during the year | - |
| Balance as at 31st March 2017 | 1,094.23 |
| Changes in Equity share capital during the year | - |
| Balance as at 31st March 2018 | 1,094.23 |

### B) Other Equity

₹ in Lakhs

| Particulars | Reserve and Surplus | | Items of Other Comprehensive Income (OCI) | | Total |
|---|---|---|---|---|---|
| | General Reserve | Retained Earnings | Equity instruments through OCI | Other items of OCI | |
| Opening Balance at the beginning of April 01, 2016 | 4,244.95 | 12,455.73 | 9.83 | (48.16) | 16,662.35 |
| Add: Profit for the Year Ended 31.03.2017 | - | 5,997.35 | - | - | 5,997.35 |
| Add: Other Comprehensive Income for the year ended 31.03.2017, net of taxes | - | - | 6.58 | (29.14) | (22.56) |
| Less: Dividend (including dividend tax) | - | 197.55 | - | - | 197.55 |
| **Closing Balance as at March 31, 2017** | **4,244.95** | **18,255.53** | **16.41** | **(77.30)** | **22,439.59** |
| Add: Profit for the Year Ended 31.03.2018 | - | 5,797.74 | - | - | 5,797.74 |
| Add: Other Comprehensive Income for the year, net of taxes | - | - | (2.60) | (0.88) | (3.48) |
| Less: Dividend (including dividend tax) | - | 329.25 | - | - | 329.25 |
| **Closing Balance as at March 31, 2018** | **4,244.95** | **23,724.02** | **13.81** | **(78.18)** | **27,904.61** |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements
As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. M.K. RAVINDRA KUMAR**
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Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

Place : Coimbatore
Date : 29-05-2018

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

₹ in Lakhs

| Particulars | 2017 - 18 | | 2016 - 17 | |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| **Profit before taxation and exceptional items** | | **8,941.90** | | **9,233.61** |
| **Adjustment for:** | | | | |
| Depreciation and Amortisation | 3,416.11 | | 2,381.24 | |
| Non Cash Items | (40.00) | | - | |
| Finance cost | 1,286.13 | | 1,472.07 | |
| Interest Income | (588.57) | | (469.21) | |
| (Profit)/ Loss on Sale of Property, Plant & Equipment | 44.66 | | (6.65) | |
| Dividend Income | (0.06) | 4,118.27 | - | 3,377.45 |
| **Operating cash flow before working capital changes** | | **13,060.17** | | **12,611.06** |
| **Changes in Working Capital** | | | | |
| (Increase) / Decrease in Non Current Financial & Other Assests | (2,060.18) | | (131.65) | |
| (Increase) / Decrease in Current Financial & Other Assests | (423.84) | | (289.94) | |
| (Increase) / Decrease in Non Current Financial & Other Liabilities | 119.76 | | 22.30 | |
| (Increase) / Decrease in Current Financial & Other Liabilities | 1,231.18 | (1,133.08) | 194.30 | (204.99) |
| **Cash generated from operations** | | **11,927.09** | | **12,406.07** |
| Income Tax Paid | | (3,237.97) | | (2,527.19) |
| **Net cash from operating activities (A)** | | **8,689.12** | | **9,878.88** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES:** | | | | |
| Purchase of Property, Plant & Equipment | (12,845.13) | | (3,602.65) | |
| Proceeds from Sale of Property, Plant & Equipment | 61.78 | | 13.31 | |
| Sale of Non-Current Investment | 6.00 | | - | |
| Interest Received | 500.52 | | 387.48 | |
| Dividend Received | 0.06 | | - | |
| **Net cash from / (used in) investing activities (B)** | | **(12,276.77)** | | **(3,201.86)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES:** | | | | |
| Long term Borrowings (Net of Repayment) | 8,036.98 | | (3,169.88) | |
| Working Capital Borrowings (Net of Repayment) | (424.57) | | (118.97) | |
| Dividend Paid (including dividend distribution tax) | (331.99) | | (196.99) | |
| Finance Cost | (1,283.61) | | (1,472.07) | |
| **Net cash used in financing activities (C)** | | **5,996.81** | | **(4,957.91)** |
| Net increase in cash and cash equivalents (A+B+C) | | **2,409.16** | | **1,719.11** |
| Cash and Bank balances at the beginning of the year | | 6,812.82 | | 5,093.69 |
| Less: Bank balance not considered as Cash & Cash equivalents as per Ind AS ( Refer Note 11 ) | | 6,856.78 | | 5,062.81 |
| Cash and Cash equivalent at the end of the year | | **2,365.20** | | **1,749.99** |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

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DIN : 00013536

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Chief Financial Officer

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**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

Place : Coimbatore
Date : 29-05-2018

**Notes to the Standalone financial statements for the year ended 31st March, 2018**

**Note No.1**

**A. CORPORATE INFORMATION**

Kovai Medical Center and Hospital Limited (“the Company”) is a Public Company incorporated in the year 1985 and commenced its hospital operation in the year 1990 with the flagship of Multi-Speciality Hospital at Coimbatore and has thereafter set up the satellite centers at Coimbatore (in the name of City center, Sulur Hospital and Kovilpalayam Hospital) and Erode (in the name of Erode Center and Erode Speciality Hospital). The company's equity shares are listed in Bombay Stock Exchange (BSE).

The Company's financial statements were authorized for issue in accordance with the resolution of the Board of Directors on 29th May, 2018 in accordance with the provisions of Companies Act, 2013 and are subject to the approval of the shareholders at the AGM.

The Company's financial statements are reported in Indian Rupees which is also the company's functional currency.

**Application of new and revised Indian Accounting Standards**

The Company has applied all the Indian Accounting Standards (hereinafter referred to as 'Ind AS') notified by the Ministry of Corporate Affairs (MCA) to the extent applicable to the Company.

**B. SIGNIFICANT ACCOUNTING POLICIES:**

**I. General Information and Statement of compliance**

These standalone financial statements ('financial statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented. These financial statements for the year ended 31 March 2018 are the first financial statements which the Company has prepared in accordance with Ind AS. For all periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, with the date of transition to Ind AS being 1st April 2016. For the purpose of comparatives, financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared as per Ind AS.

**II. Basis of preparation and presentation**

The standalone financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**III. Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective Judgements and the use of assumptions in these financial statements have been disclosed separately under the heading “Significant accounting Judgements, estimates and assumption”.

**IV. Current versus non - current classification**

The entity presents assets and liabilities in the balance sheet based on current/ non-current classification.

**An asset is classified as current, when:**

- It is expected to be realised or intended to be sold or consumed in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**A liability is classified as current, when:**

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The entity classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**V. Revenue Recognition**

**a) Rendering of Healthcare Services**

The Company generally follows the mercantile system of accounting and recognize the Income and Expenditure on an accrual basis except those with significant uncertainties. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. The revenue recognized is net off discount / concessions. The income by way of Doctors' Consultancy fees and the consequent liability towards Doctor's consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from patients is established.

The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.

**b) Sale of Goods**

Revenue from dietary / pharmacy sales are recognized as and when the services are rendered / goods sold.

**c) Income from Sponsorships**

Revenue from sponsorship is recognized when the amount of revenue and the cost incurred / together with the cost to be incurred to complete the transaction can be reliably measured with reference to the stage of completion of the transaction at the end of the reporting period.

**d) Income from Academic Course Fees**

Revenue is recognized on a Straight Line basis over the duration of the course.

**e) Dividend and Interest Income**

i) Dividend income from investments is recognized as and when the right to receive payment is established.

ii) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis taking into account the amount outstanding and at the effective interest rate applicable, which is the rate that exactly discount estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## VI. Leases

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are treated as operating lease.

### a) The company as lessor

Asset subject to operating leases are included in property, plant and equipment. Lease income on an operating lease is recognized in the statement of profit and loss on a straight line basis over the term of the relevant lease except to the extent that the lease payments are structured to compensate for the expected inflationary cost. Costs including depreciation are recognized as an expense in the statement of profit and loss.

### b) The company as lessee

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term except to the extent that the lease payments are structured to compensate for the expected inflationary cost.

### Finance Leases

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are treated as period cost and are expensed accordingly.

## VII. Foreign currencies

### a) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

### b) Conversion

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

**VIII. Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All the other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

**IX. Employee benefits**

**a) Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance sheet date using the projected unit credit method. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company's presents the first two components of defined benefit costs in the statement of Profit and Loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**b) Short-term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liability recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## X. Taxation

Income tax expense comprises current tax and the net change in the deferred tax asset or liability during the year.

### a) Current Tax

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessments/appeals.

### b) Deferred Tax

Deferred tax is recognized on temporary differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exist to set off current tax assets against current tax liabilities and deferred tax assets/deferred tax liabilities relate to same taxable entity and same taxation authority.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

### c) Current and Deferred Tax for the year

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## XI. Property, Plant and Equipment

Property, Plant and Equipment (PPE) being fixed assets are tangible items held for use or for administrative purposes and are measured at cost less accumulated depreciation and any accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Financing costs relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use. Items of stores and spares that meet the definition of PPE are capitalized at cost and depreciated over its useful life.

The Carrying amount of an item of PPE is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on Property, Plant and Equipment (PPE) are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except for building and medical equipments, which are depreciated over the useful life as estimated by the management.

The management believes that the useful life adopted reflect the expected pattern of consumption of future economic benefit.

| Particulars | Useful life (No of Yrs) |
|---|---|
| **I. Buildings** | |
| a) Buildings | 30 |
| b) Fences, wells, tube wells | 5 |
| c) Other (including temporary structure, etc.) | 3 |
| **II. Plant & Machinery** | |
| a) Medical and Surgical equipments | 12 |
| b) Solar power plant | 25 |
| **III. Electrical Installations and Equipment** | 10 |
| **IV. Furniture and fittings** | |
| General furniture and fittings | 10 |
| **V. Office equipments** | 5 |
| **VI. Computers and data processing units** | |
| a) Servers and networks | 6 |
| b) End user devices, such as, desktops, laptops, etc. | 3 |
| **VII. Motor Vehicles** | |
| a) Motor cycles, scooters and other mopeds | 10 |
| b) Motor buses, motor lorries, motor cars and motor taxies other than those used in a business of running them on hire. | 8 |

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE, the useful life of that part is determined separately for depreciation.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged to reflect the changed pattern.

**XII. Intangible Assets**

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset. Other software is amortised, on a straight line method, over a period of three years based on management's assessment of useful life.

### Useful lives of Intangible Assets

| Class of Assets | Years |
|---|---|
| Software | 3 Years |

**XIII. Impairment of Property, Plant and Equipment and Intangible Assets**

The carrying amounts of its tangible and Intangible assets are reviewed, as at each balance sheet date, to determine if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an extent occuring after the impairment loss was recongnised.

The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

**XIV. Inventories**

Inventories are valued at lower of cost and estimated net realizable value. Cost is arrived at on First-in-First Out (FIFO) basis.

Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the inventory saleable.

**XV. Provisions**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value unless otherwise required by the standard and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**XVI. Earnings per share**

a) Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

b) For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**XVII. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets**

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Debt instruments at amortized cost
(ii) Debt instruments at fair value through other comprehensive income (FVOCI);
(iii) Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
(iv) Equity instruments measured at fair value through other comprehensive income (FVOCI).

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVOCI**

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

**Equity investments (other than investments in subsidiaries and joint ventures)**

All equity investments within the scope of Ind AS 109, 'Financial Instruments', are measured at fair value either through statement of profit and loss or other comprehensive income. Company makes an irrevocable election to present in OCI the subsequent changes in the fair value on an instrument-by-instrument basis. The classification is made on initial recognition.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI. Any gains or losses on de-recognition is recognized in the OCI and are not recycled to the statement of profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**De-recognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**Investment in Subsidiaries, Associates and Joint ventures**

The Company's investment in equity instruments of Subsidiaries, Associates and Joint venture are accounted for at cost as per Ind AS 27.

**b) Financial Liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**i. Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**ii. Trade and other payables**

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

**iii. Other financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the company are initially measured at their fair values and are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 and

- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

**De-recognition of Financial Liabilities**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**d) Compound Financial Instruments**

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

**XVIII. Impairment of Financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

**XIX. Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participant's would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

**Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level Input that is significant to the fair value measurement as a whole) at the end of each reporting period

### XX. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make Judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the company's accounting policies :**

**a) Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting period. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Such lives are dependent upon an assessment of both the technical lives of the asset and also their economic lives based on various internal and external factors including efficiency and operating costs. Accordingly depreciation lives are reviewed annually using the best information available to the management.

**b) Evaluation of indicators for impairment of assets**

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**c) Recognition of deferred tax liability**

Significant management judgement is required to determine the amount of deferred tax asset that can be recognised based on the likely timing and the level of future taxable profits together with future tax planning strategies.

**d) Provision and contingent liability**

Provisions and liabilities are recognised in the period when it becomes probable that there will be future outflows of funds from past events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies, the likelihood of which is remote, are not disclosed in the financial statements.

**e) Defined benefit obligation**

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

**f) Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**Standards issued or modified but not yet effective up to the date of issuance of the company's financial statements:**

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration**

On 28th March, 2018, Ministry of Corporate Affairs(”MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency The amendment will come into force from 1st April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

**Ind AS 115**

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 (“amended rules”). As per the amended rules, Ind AS 115 “Revenue from contracts with customers” supersedes Ind AS 11, “Construction contracts” and Ind AS 18, “Revenue” and is applicable for all accounting periods commencing on or after1st April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognized when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1st April 2018.

The standard permits two possible methods of transition: Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect, if any, on adoption of Ind AS 115 is expected to be insignificant.

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## Note 2 - Property, Plant & Equipment

₹ in Lakhs

| Particulars | Land | Buildings | Improvements to Leasehold Buildings | Furniture and Fixtures | Office Equipments | Plant & Equipment | Computers | Vehicles | Tangibles Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost / Deemed Cost** | | | | | | | | | |
| **At 1st April 2016** | **841.39** | **14,386.62** | **203.30** | **741.07** | **143.53** | **16,998.05** | **131.21** | **262.68** | **33,707.85** |
| Additions during 2016 - 17 | 10.85 | 1,102.33 | 152.53 | 167.92 | 34.10 | 2,449.76 | 27.90 | 97.02 | 4,042.41 |
| Disposals during 2016 - 17 | - | - | | 0.38 | 0.15 | 30.12 | 2.49 | 29.87 | 63.01 |
| **At 31st Ma rch 2017** | **852.24** | **15,488.95** | **355.83** | **908.61** | **177.48** | **19,417.69** | **156.62** | **329.83** | **37,687.25** |
| Additions during 2017 - 18 | 6,292.32 | 717.29 | - | 137.94 | 12.85 | 4,619.43 | 162.24 | 100.00 | 12,042.07 |
| Disposals during 2017 - 18 | - | - | | 0.84 | - | 1,533.07 | 0.18 | 27.27 | 1,561.36 |
| **At 31st March 2018** | **7,144.56** | **16,206.24** | **355.83** | **1,045.71** | **190.33** | **22,504.05** | **318.68** | **402.56** | **48,167.96** |
| **Accumulated depreciation and Impairment** | | | | | | | | | |
| **At 1st April 2016** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation Charged during 2016 - 17 | - | 321.20 | 7.70 | 123.40 | 39.28 | 1,754.12 | 59.28 | 47.10 | 2,352.08 |
| Depreciation on disposals during 2016 - 17 | - | - | - | 0.38 | 0.15 | 25.61 | 1.83 | 28.38 | 56.35 |
| Other adjustments | - | - | 13.79 | - | - | - | - | - | 13.79 |
| **At 31st March 2017** | **-** | **321.20** | **21.49** | **123.02** | **39.13** | **1,728.51** | **57.45** | **18.72** | **2,309.52** |
| Depreciation Charged during 2017 - 18 | - | 690.35 | 23.31 | 133.96 | 36.20 | 2,379.18 | 63.43 | 64.10 | 3,390.53 |
| Depreciation on disposals during 2017- 18 | - | - | - | 0.84 | - | 1,427.54 | 0.17 | 26.03 | 1,454.58 |
| | - | | - | | - | - | | | |
| **At 31st March 2018** | **-** | **1,011.55** | **44.80** | **256.14** | **75.33** | **2,680.15** | **120.71** | **56.79** | **4,245.47** |
| **Carrying Value** | | | | | | | | | |
| **At 31st March 2018** | **7,144.56** | **15,194.69** | **311.03** | **789.57** | **115.00** | **19,823.90** | **197.97** | **345.77** | **43,922.49** |
| At 31st March 2017 | **852.24** | **15,167.75** | **334.34** | **785.59** | **138.35** | **17,689.18** | **99.17** | **311.11** | **35,377.73** |
| At 1st April 2016 | **841.39** | **14,386.61** | **203.30** | **741.07** | **143.53** | **16,998.05** | **131.21** | **262.68** | **33,707.85** |

Note:

a) Property, plant and equipment pledged as security against borrowings, are stated in Note No 16

b) The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS(s), measured as per previous GAAP and use that as its deemed cost as at the date of transition (April 1, 2016) as per the following details:-

**Reconciliation of Carrying value as per previous GAAP with deemed cost as per Ind AS:** **₹ in Lakhs**

| Particulars | Gross Block (At Cost) | Accumulated Depreciation | Net Block as per Previous GAAP | Ind AS adjustment | Net block as per IndAS |
|---|---|---|---|---|---|
| Land | 841.39 | - | 841.39 | - | 841.39 |
| Buildings | 16,291.13 | 1,696.70 | 14,594.43 | (4.51) | 14,589.92 |
| Furniture and Fixtures | 1,215.77 | 474.70 | 741.07 | - | 741.07 |
| Office Equipment | 277.57 | 134.04 | 143.53 | - | 143.53 |
| Plant & Equipment | 25,528.50 | 8,530.45 | 16,998.05 | - | 16,998.05 |
| Computers | 548.57 | 417.36 | 131.21 | - | 131.21 |
| Vehicles | 475.93 | 213.25 | 262.68 | - | 262.68 |
| **Total** | **45,178.86** | **11,466.50** | **33,712.36** | **(4.51)** | **33,707.85** |

## Note 3 - Capital work-in-progress

Capital work-in-progress of ₹ 1287.57 Lakhs (₹ 564.86 Lakhs as at 31st March 2017) comprises amount spent on assets under construction. During the year, the company has capitalized ₹108.61 Lakhs (Previous year - Nil) as borrowing cost as per provision of Ind AS 23 - Borrowing Cost

## Note 4 - Intangible Assets

**₹ in Lakhs**

| Particulars | Computer software | Intangibles Total |
|---|---|---|
| **Cost / Deemed Cost** | | |
| **At 1st April 2016** | **37.02** | **37.02** |
| Additions during 2016 - 17 | 4.91 | 4.91 |
| Disposals during 2016 - 17 | - | - |
| **At 31st March 2017** | **41.93** | **41.93** |
| Additions during 2017 - 18 | 80.71 | 80.71 |
| Disposals during 2017 - 18 | - | - |
| **At 31st March 2018** | **122.64** | **122.64** |
| **Accumulated amortisation and impairment** | | |
| **At 1st April 2016** | **-** | **-** |
| Amortisation during 2016 - 17 | 15.36 | 15.36 |
| Amortisation on disposals during 2016 - 17 | - | - |
| **At 31st March 2017** | **15.36** | **15.36** |
| Amortisation during 2017 - 18 | 25.59 | 25.59 |
| Amortisation on disposals during 2017 - 18 | - | - |
| **At 31st March 2018** | **40.95** | **40.95** |
| **Carrying Value** | | |
| **At 31st March 2018** | **81.69** | **81.69** |
| **At 31st March 2017** | **26.57** | **26.57** |
| **At 1st April 2016** | **37.02** | **37.02** |

The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all its intangible assets as recognised in the financial statements as at the date of transition to Ind AS(s), measured as per previous GAAP and use that as its deemed cost as at the date of transition (April 1, 2016) as per the following details:-

**Reconciliation of Carrying value as per previous GAAP with deemed cost as per Ind AS:**

**₹ in Lakhs**

| Particulars | Gross Block (At Cost) | Accumulated Depreciation | Net Block as per Previous GAAP | Ind AS adjustment | Net block as per Ind AS |
|---|---|---|---|---|---|
| **Intangible:** | | | | | |
| Software | 105.23 | 68.21 | 37.02 | - | 37.02 |
| **Total** | **105.23** | **68.21** | **37.02** | **-** | **37.02** |

**Note 5 - Investments** **₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Investments in Equity Instruments** | | | |
| a) Investment in Subsidiary at Cost | | | |
| **Trade (Unquoted)** | | | |
| 372440 (as on 31-03-2017 and 01-04-2016 - 372440 Shares) Equity Shares of ₹100/- each Fully Paid up in Idhayam Hospitals Erode Limited (Extent of holding 100%) | 357.58 | 357.58 | 357.58 |
| b) Investment in equity instruments at fair value through other comprehensive income | | | |
| **(i) Quoted, Non Trade - fully paid up** | | | |
| 1. 6100 (as on 31-03-2017 and 01-04-2016 - 6100 Equity shares of ₹10 each in Canara Bank ) | 16.10 | 18.48 | 11.80 |
| 2. 2300 (as on 31-03-2017 and 01-04-2016 - 2300 Equity shares of ₹ 10 each in Indian Overseas Bank) | 0.40 | 0.62 | 0.72 |
| **(ii) Unquoted, Trade - fully paid up** | | | |
| 60,000 (as on 31-03-2017 and 01-04-2016 - 1,20,000) Equity shares of ₹ 10 each fully paid up in Mytrah Vayu (Manjira) Private Limited | 6.00 | 12.00 | 12.00 |
| **Total** | **380.08** | **388.68** | **382.10** |

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| (i) Aggregate Market value of quoted investments | 16.50 | 19.10 | 12.52 |
| (ii) Aggregate amount of unquoted investments | 363.58 | 369.58 | 369.58 |
| **Total (i+ii)** | **380.08** | **388.68** | **382.10** |
| Investment at Cost | 366.27 | 372.27 | 372.27 |
| Investment at fair value through other comprehensive income | (2.60) | 6.58 | 12.52 |

**Reconciliation of Investment as on date of transition**

₹ in lakhs

| Particulars | Carrying amount as per Previous GAAP | Fair Value Adjustments | Fair Value as per IND AS |
|---|---|---|---|
| Other Investments, Quoted, Fully Paidup | 2.69 | 13.81 | 16.50 |

**Note 6 - Other financial assets**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Rental and lease deposits | 431.07 | 353.21 | 326.26 |
| b) Security Deposits | 84.73 | 161.77 | 140.02 |
| **Total** | **515.80** | **514.98** | **466.28** |

**Note 7 - Other non - current assets**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Capital advance | 2,237.11 | 268.33 | 180.44 |
| b) Advance Payment of Taxes (Net of Provision) | 112.59 | 37.63 | 48.46 |
| c) Advance lease rental Expense | 136.79 | 46.20 | 51.13 |
| **Total** | **2,486.49** | **352.16** | **280.03** |

**Note 8 - Inventories**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| (a) Pharmacy | 540.58 | 442.44 | 440.77 |
| (b) Hospital Consumables | 421.78 | 353.33 | 336.35 |
| (c) Stores & Spares | 57.52 | 31.09 | 36.13 |
| (d) Others # | 62.83 | 50.90 | 41.59 |
| # Power & Fuel, Canteen Provisions & Stationary | | | |
| **Total** | **1,082.71** | **877.76** | **854.84** |

(i) For method of valuation of inventories, Refer Note No. 1 (B) (XIV).

(ii) There has been no write down of inventories in current and previous years.

(iii) Inventories with the above mentioned carrying amount have been pledged as security against certain bank

**(iv) Cost of inventory recognised as an expense:**

a) Amount of inventories charged to profit and loss

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Cost of Medicines & Hospital consumables consumed | 17,207.64 | 15,974.10 |
| b) Stores and spares | 199.41 | 159.09 |
| c) Others # | 1,700.93 | 1,500.00 |
| # Power & Fuel, Canteen Provisions & Stationary | | |
| **Total** | **19,107.98** | **17,633.19** |

| | | |
|---|---|---|
| b) Amount of inventories stated at fair value less cost to sell | Nil | Nil |
| c) Amount of written down of inventories | Nil | Nil |

**Note 9 - Trade receivables**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Unsecured, considered good | 1,382.21 | 1,175.35 | 897.32 |
| **Total** | **1,382.21** | **1,175.35** | **897.32** |

Note: There have been no history of write off of trade receivables and hence no allowance has been made for doubtful debts.

### Ageing of Trade receivables that are past due but not impaired

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| a) 60- 90 days | 50.74 | 16.55 |
| b) 91- 180 days | 40.91 | 21.70 |
| c) >180 days | 65.29 | 89.26 |

### Note 10 - Cash and Cash Equivalents

₹ in lakhs

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Balance with Banks** | | | |
| a) In Current Accounts | 90.35 | 52.82 | 79.42 |
| b) In term deposit accounts with maturity less than 3 months at inception | 2,218.17 | 1,590.00 | 1040.06 |
| c) Cheques on hand | 4.64 | 6.47 | 4.62 |
| d) Cash on hand | 52.04 | 100.70 | 59.82 |
| **Total** | **2,365.20** | **1,749.99** | **1,183.92** |

### Note 11 - Bank Balance other than Cash and Cash Equivalents

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) In term deposit accounts with maturity more than 3 months but less than 12 months at inception | 6,810.19 | 5,014.00 | 3,861.63 |
| **b) Earmarked balances** | | | |
| (i) In margin money | 6.78 | 6.26 | 6.14 |
| (ii) In unpaid dividend Account | 39.81 | 42.55 | 42.00 |
| **Total** | **6,856.78** | **5,062.81** | **3,909.77** |

Earmarked bank balances are restricted in use in the form of margin money towards security and unclaimed dividend.

## Note 12 - Other financial assets

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Unsecured, Considered Good** | | | |
| a) Rent receivable | 19.52 | 19.10 | 8.09 |
| b) Accrued Income | 252.98 | 152.18 | 58.49 |
| **Total** | **272.50** | **171.28** | **66.58** |

## Note 13 - Other current assets

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Unsecured, Considered Good** | | | |
| a) Advance for purchases | 1.73 | 6.21 | 34.17 |
| b) Advance for expenses | 9.89 | 13.55 | 26.10 |
| c) Prepaid expenses | 108.59 | 108.70 | 102.16 |
| **Total** | **120.21** | **128.46** | **162.43** |

## Note 14 - Equity share capital

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Authorized Share Capital**<br>1,50,00,000 equity shares of ₹ 10/- each<br>(31-03-2017 and 01-04-2016 - 1,50,00,000 Equity Shares of ₹ 10/- each) | 1500.00 | 1500.00 | 1500.00 |
| **Issued and Subscribed Capital**<br>1,09,42,262 Equity shares of ₹ 10/- each<br>(31-03-2017 and 01-04-2016 -1,09,42,262 equity shares of ₹ 10/- fully paid up) | **1,094.23** | **1,094.23** | **1,094.23** |
| **Total** | **1,094.23** | **1,094.23** | **1,094.23** |

### a . Reconciliation of shares outstanding at the beginning and at the end of the period

₹ in lakhs

| Particulars | As at 31st March, 2018 | | As at 31st March 2017 | | As at 01st April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| Shares outstanding at the beginning of the year | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 |
| Share Issued during the year | - | - | - | - | - | - |
| Share brought back during the year | - | - | - | - | - | - |
| Shares outstanding at the end of the year | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 |

**b. Terms/ Rights attached to the Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend Proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of the Equity shares will be entitled to receive remaining assets of the Company after distribution of all Preferential amount. The distribution will be in proportion to be number of equity shares held by the Shareholders.

**c. Shares held by Holding Company or Ultimate Holding Company - NIL**

**d. Details of Shareholders holding more than 5% shares**

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | | As at 01st April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | % of holding | No. of shares | % of holding | No. of shares | % of holding |
| Kovai Purani Finance Private Limited | 4,006,461 | 36.61 | 4,006,461 | 36.61 | 4,006,461 | 36.61 |
| Dr. Thavamani Devi Palaniswami | 1,234,647 | 11.28 | 1,096,730 | 10.02 | 1,095,430 | 10.01 |

**e. No shares have been issued as fully paid up pursuant to contract without payment being received in cash,bonus shares and shares bought back in the immediately preceeding five years.**

**Note 15 - Other Equity**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) General Reserve | 4,244.95 | 4,244.95 | 4,244.95 |
| b) Retained Earnings | 23,724.02 | 18,255.53 | 12,455.73 |
| c) Other Comprehensive Income | (64.37) | (60.89) | (38.33) |
| **Total** | **27,904.61** | **22,439.59** | **16,662.35** |

**Note 16 - Borrowings**

₹ in lakhs

| Particulars | As at 31st March, 2018 | | As at 31st March, 2017 | | As at 01st April 2016 | |
|---|---|---|---|---|---|---|
| | Non Current | Current | Non Current | Current | Non Current | Current |
| **Secured Loan** | | | | | | |
| **Term Loans** | | | | | | |
| a) From Banks | 16,456.18 | 3,694.97 | 8,568.93 | 3,509.87 | 12,044.05 | 3,133.68 |
| b) From Others | - | - | 3.45 | 31.91 | 35.36 | 70.97 |
| **Total** | **16,456.18** | **3,694.97** | **8,572.38** | **3,541.78** | **12,079.41** | **3,204.65** |

### Details of amount Outstanding, Terms of repayment & Security details

### A.Term Loans from Bank

| As at 31st March, 2018 | | As at 31st March, 2017 | | As at 01st April, 2016 | | Terms of Repayments | Security |
|---|---|---|---|---|---|---|---|
| Non Current | Current | Non Current | Current | Non Current | Current | | |
| **1. Secured Loans from Indian Bank** | | | | | **(₹ in lakhs)** | | |
| 354.46 | 386.52 | 740.98 | 386.50 | 1,459.39 | 386.50 | Repayable in 24 monthly instalments aggregating to ₹ 740.98 lakhs | Primarily secured by Paripassu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode, Pari pasu first charge on the entire Fixed assets (Present and Future) of the company, Charge on the leasehold rights of the building at Erode, Plant & Machinery & Medical Equipments in the name of Idhayam Hospitals Erode Limited, Erode. The facilities are also collaterally secured by second charge on the entire current assets (Present and Future) of the Company. The term loans from banks are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director - Dr.Thavamani Devi Palaniswami of the company. |
| 53.10 | 54.60 | 107.70 | 54.60 | 181.83 | 54.60 | Repayable in 24 monthly instalments aggregating to ₹ 107.70 lakhs | |
| 391.43 | 391.56 | 782.99 | 339.50 | 1,122.49 | 339.50 | Repayable in 24 monthly instalments aggregating to ₹ 782.99 lakhs | |
| 277.80 | 277.20 | 555.00 | 277.50 | 832.80 | 277.20 | Repayable in 24 monthly instalments aggregating to ₹ 555 lakhs | |
| 400.00 | 560.00 | 920.00 | 540.00 | 1,460.00 | 440.00 | Repayable in 20 monthly instalments aggregating to ₹ 960 lakhs | |
| 935.02 | 140.28 | 1,086.97 | 140.44 | 875.99 | 35.08 | Repayable in 92 monthly instalments aggregating to ₹ 1075.30 lakhs | |
| 3,280.10 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 3280.10 lakhs commencing from october 2020. | |
| 2,500.00 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 2500 lakhs commencing from February 2021. | |
| **8,191.91** | **1,810.16** | **4,193.64** | **1,738.54** | **5,932.50** | **1,532.88** | | |

## 2. Secured Loans from Indian Overseas Bank

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 354.52 | 386.52 | 741.04 | 386.52 | 1,127.56 | 386.52 | Repayable in 24 monthly instalments aggregating to ₹ 741.04 lakhs | Primarily secured by Paripassu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode, Pari pasu first charge on the entire Fixed assets (Present and Future) of the company, Charge on the leasehold rights of the building at Erode, Plant & Machinery & Medical Equipments in the name of Idhayam Hospitals Erode Limited, Erode. The facilities are also collaterally secured by second charge on the entire current assets (Present and Future) of the Company. The term loans from banks are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director - Dr.Thavamani Devi Palaniswami of the company. |
| 55.20 | 54.48 | 109.68 | 54.48 | 164.16 | 54.48 | Repayable in 24 monthly instalments aggregating to ₹ 109.68 lakhs | |
| 388.14 | 391.56 | 784.04 | 339.48 | 1,123.52 | 339.48 | Repayable in 24 monthly instalments aggregating to ₹ 779.70 lakhs | |
| 277.36 | 277.20 | 554.56 | 277.20 | 831.76 | 277.20 | Repayable in 24 monthly instalments aggregating to ₹ 554.56 lakhs | |
| 400.00 | 560.00 | 960.00 | 500.00 | 1,460.00 | 440.00 | Repayable in 20 monthly instalments aggregating to ₹ 960 lakhs | |
| 982.27 | 140.33 | 1,122.72 | 140.28 | 1,227.92 | 35.08 | Repayable in 96 monthly instalments aggregating to ₹ 1122.60 lakhs | |
| 3,280.00 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 3280.00 lakhs commencing from April 2021. | |
| 2,500.00 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 2500 lakhs commencing from February 2021. | |
| **8,237.49** | **1,810.09** | **4,272.04** | **1,697.96** | **5,934.92** | **1,532.76** | | |

### 3. Secured Loans from HDFC Bank Limited

₹ in lakhs

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 26.78 | 74.72 | 101.49 | 66.97 | 168.46 | 60.02 | Repayable in 16 monthly instalments aggregating to ₹ 101.50 lakhs. | Secured by hypothecation of assets purchased out of the loan. |
| - | - | 1.76 | 6.40 | 8.17 | 8.02 | Settled on 09.10.2017. | Secured by hypothecation of assets purchased out of the loan. |
| **26.78** | **74.72** | **103.25** | **73.37** | **176.63** | **68.04** | | |

### B.Secured Term Loans from Others

₹ in lakhs

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| - | - | - | 12.05 | 12.05 | 51.17 | Settled on 01.06.2017. | Secured by hypothecation of assets purchased out of the loan. |
| - | - | 3.45 | 19.86 | 23.31 | 19.80 | Settled on 08.09.2017. | Secured by hypothecation of assets purchased out of the loan. |
| **-** | **-** | **3.45** | **31.91** | **35.36** | **70.97** | **Total** | |

### Note 17 - Other financial liabilities

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Rental Deposits | 56.40 | 54.49 | 45.92 |
| **Total** | **56.40** | **54.49** | **45.92** |

### Note 18 - Provisions

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Provision for Employee Benefits** | | | |
| a) Gratuity (Refer Note No 35 (b) (i) (f)) | 594.86 | 485.72 | 481.49 |
| b) Leave Encashment (Refer Note No 35 (b) (ii)) | 105.98 | 94.78 | 84.38 |
| **Total** | **700.84** | **580.50** | **565.87** |

**Note 19 - Deferred tax liabilites (net)**

₹ in lakhs

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 | As at 01st April, 2016 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| - On PPE and intangible assets | 4,472.76 | 4,410.37 | 3,680.74 |
| - On fair value adjustment on financial instrument | 0.98 | 0.32 | - |
| **(A)** | **4,473.74** | **4,410.69** | **3,680.74** |
| **Deferred tax assets** | | | |
| - On expenses allowable against taxable income in future years | (495.69) | (411.95) | (364.85) |
| **(B)** | **(495.69)** | **(411.95)** | **(364.85)** |
| **Total (A+B)** | **3,978.05** | **3,998.74** | **3,315.89** |

**Significant components of deferred tax assets / liabilities and their movements**

₹ in lakhs

| Particulars | Deferred tax liabilities / (Assets) as at 01.04.2016 | Charge / (credit) to Profit/Loss | Charge / (credit) to OCI | Deferred tax liabilities / (Assets) as at 31.03.2017 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| - On PPE and intangible assets | 3,680.74 | 729.63 | - | 4,410.37 |
| - On fair value adjustment on financial instrument | - | 0.32 | - | 0.32 |
| **Deferred tax assets** | | | | |
| - On expenses allowable against taxable income in future years | (364.85) | (47.10) | - | (411.95) |
| - On employee benefit expense | - | 15.42 | (15.42) | - |
| - On fair valuation of equity instruments | - | - | - | - |
| **Total** | **3,315.89** | **698.27** | **(15.42)** | **3,998.74** |

₹ in lakhs

| Particulars | Deferred tax liabilities / (Assets) as at 01.04.2017 | Charge / (credit) to Profit/Loss | Charge / (credit) to OCI | Deferred tax liabilities / (Assets) as at 31.03.2018 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| - On PPE and intangible assets | 4,410.37 | 62.39 | - | 4,472.76 |
| - On fair value adjustment on financial instrument | 0.32 | 0.66 | - | 0.98 |
| **Deferred tax assets** | | | | |
| - On expenses allowable against taxable income in future years | (411.95) | (83.74) | - | (495.69) |
| - On employee benefit expense | - | 0.94 | (0.94) | - |
| - On fair valuation of equity instruments | - | 0.90 | (0.90) | - |
| **Total** | **3,998.74** | **(18.85)** | **(1.84)** | **3,978.05** |

**Note 20 - Other non - current liabilities** ₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Advance rental Income | 3.96 | 6.44 | 7.34 |
| **Total** | **3.96** | **6.44** | **7.34** |

**Note 21 - Borrowings** ₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Working capital loans from bank | 8.87 | 433.44 | 552.40 |
| **Total** | **8.87** | **433.44** | **552.40** |

The Company has availed working capital facility from Indian Bank which is secured by:

a. First Charge on current assets by way of hypothecation of present and future current assets including book debts and receivables.

b. The above working capital facility is collaterally secured by all fixed assets mentioned in item No. A & B in Note No.16 long term borrowings.

c. The working capital facility carries interest rates varying from 9.5% to 10.15%.

**Note 22 - Trade payables** ₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Trade payables | | | |
| a) Total outstanding dues of micro and small enterprises (Refer Note No 46) | 74.35 | 63.71 | 70.12 |
| b) Total outstanding dues of creditors other than micro and small enterprises | 1,947.77 | 1,561.03 | 1,801.87 |
| **Total** | **2,022.12** | **1,624.74** | **1,871.99** |

The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

**Note 23 - Other financial liabilities**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Current maturities of long - term debt (Ref. Note No.16) | 3,694.97 | 3,541.78 | 3,204.65 |
| b) Deposits from Employees | 302.92 | 271.86 | 232.12 |
| c) Payable to related parties (Ref. Note No. 41) | 400.20 | 397.10 | 269.52 |
| d) Employee Benefits Payable | 384.27 | 303.32 | 335.42 |
| e) Other payables | 1,794.07 | 1,172.66 | 1,220.92 |
| **Total** | **6,576.43** | **5,686.72** | **5,262.63** |

**Note 24 - Provisions**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Gratuity - Refer Note No. 35 (b) (i) (f) | 320.31 | 262.90 | 167.51 |
| b) Leave Encashment - Refer Note No. 35 (b) (ii) | 92.09 | 72.58 | 55.03 |
| **Total** | **412.40** | **335.48** | **222.54** |

**Note 25 - Other current liabilities**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Statutory dues Payable | 309.01 | 275.88 | 305.63 |
| b) Creditors for capital goods | 642.93 | 986.56 | 771.62 |
| c) Unpaid dividend | 39.81 | 42.55 | 42.00 |
| d) Advance received from Customers | 496.25 | 226.39 | 157.85 |
| e) Advance towards Academic Course Fees | 51.64 | 32.50 | - |
| **Total** | **1,539.64** | **1,563.88** | **1,277.10** |

### Note 26 - Revenue from operations

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **I. Revenue from operations** | | |
| a) Inpatients Revenue | | |
| i) Doctor's fees & Other healthcare services | 33,185.15 | 29,346.36 |
| ii) Pharmacy & Dietary | 7,433.24 | 6,505.82 |
| b) Outpatients Revenue | | |
| i) Doctor's fees & Other healthcare services | 10,941.59 | 10,140.87 |
| ii) Pharmacy & Dietary | 6,991.32 | 6,569.10 |
| **II.Other Operating Income** | | |
| a) Rent received | 148.92 | 142.40 |
| b) Revenue from Solar Power Generation | 403.19 | 372.03 |
| c) Academic Course Fees | 133.22 | 30.75 |
| **Total** | **59,236.63** | **53,107.33** |

### Note 27 - Other income

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Interest Income | 588.57 | 469.21 |
| b) Dividend income from Investments designated through OCI | 0.06 | - |
| c) Profit on sale of Property, Plant and Equipment | 8.77 | 10.97 |
| d) Parking Charges | 34.32 | 48.32 |
| e) Other non- operating income | 131.72 | 89.18 |
| **Total** | **763.44** | **617.68** |

### Note 28 - Cost of Medicines & Hospital consumables consumed

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Opening Stock | 813.27 | 777.12 |
| Add: Purchases | 17,356.74 | 16,010.25 |
| | 18,170.01 | 16,787.37 |
| Less: Closing Stock | 962.37 | 813.27 |
| **Total** | **17,207.64** | **15,974.10** |

**Note 29 - Employee Benefits Expenses**

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Salaries, allowances & bonus | 8,609.48 | 7,770.25 |
| b) Contribution to provident and other funds | 629.87 | 595.55 |
| c) Staff welfare expenses | 226.42 | 199.85 |
| d) Long term compensated absence (Refer Note No 35 (b) (ii)) | 128.04 | 118.05 |
| e) Gratuity (Refer Note No 35 (b) (i) (b)) | 227.85 | 89.27 |
| **Total** | **9,821.66** | **8,772.97** |

**Note 30 - Finance Costs**

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Interest on borrowings | 1,207.83 | 1,458.24 |
| b) Unwinding of interest on financial instrument at amortised cost | 2.52 | 3.30 |
| c) Other borrowing cost | 75.78 | 10.53 |
| **Total** | **1,286.13** | **1,472.07** |

**Note 31 - Depreciation and Amortisation**

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Depreciation on Property, Plant and Equipment (Refer Note No. 2) | 3,390.52 | 2,365.87 |
| b) Amortisation on Intangible Assets (Refer Note No. 4) | 25.59 | 15.36 |
| **Total** | **3,416.11** | **2,381.23** |

**Note 32 - Other Expenses** ₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Consumption of Stores and Spares | 199.41 | 159.09 |
| b) Power and Fuel Consumed | 1,136.99 | 1,041.92 |
| c) Consumption of Dietary | 1,179.92 | 1,112.58 |
| d) Consultant Charges | 10,102.84 | 8,865.48 |
| e) Hospital Upkeep Expenses | 1,224.52 | 1,050.38 |
| f) Lab Test Charges | 368.69 | 355.49 |
| g) Travel and Conveyance | 121.62 | 109.94 |
| h) Rent | 412.44 | 291.50 |
| i) Advertisement | 493.56 | 344.39 |
| j) Auditor's Remuneration (Refer Note No. 32(1)) | 22.47 | 20.77 |
| k) Professional Charges | 118.79 | 86.69 |
| l) Director's Sitting Fee | 2.46 | 2.67 |
| m) Repairs and Maintenance - Building | 284.67 | 197.18 |
| n) Repairs and Maintenance - Machinery | 990.62 | 784.23 |
| o) Repairs and Maintenance - Others | 318.44 | 292.53 |
| p) License Fee, Rates & Taxes | 768.35 | 76.16 |
| q) Expenditure towards CSR Activities (Refer Note No.44) | 157.35 | 138.21 |
| r) Donation | 213.62 | 11.97 |
| s) Printing & Stationery | 378.57 | 333.49 |
| t) Hire Charges – Vehicle | 26.39 | 22.51 |
| u) Miscellaneous Expenses | 804.91 | 593.84 |
| **Total** | **19,326.63** | **15,891.02** |

**Note 32 (1) - Auditor Remuneration** ₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **Payments to the auditor** | | |
| a) For Statutory Audit | 14.00 | 14.00 |
| b) For Taxation Matters | 4.50 | 3.50 |
| c) For Other Services | - | - |
| d) For Reimbursement of Expenses | 0.61 | 0.51 |
| e) For Service Tax / Goods and Services Tax | 3.36 | 2.76 |
| **Total** | **22.47** | **20.77** |

**Note 33 - Current tax (Net)**

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Provision for Income Tax | 3,163.01 | 2,536.77 |
| b) MAT Credit availed | - | - |
| **Total** | **3,163.01** | **2,536.77** |

## 34. First Time adoption of Ind AS

### 1. Explanation of transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies have been applied consistently in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). An explanation of how the transition from financial statements prepared in accordance with accounting standards notified under the Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) to Ind AS has affected the Company's financial position, financial performance and cash flows is set-out in the following tables and notes:

### 2. Ind AS optional exemptions

Ind-AS 101, 'First-time Adoption of Indian Accounting Standards', allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS. The Company has accordingly applied the following exemptions.

### a) Deemed cost for Property, plant and equipment and Intangible assets

Ind AS 101 'First-time Adoption of Indian Accounting Standards' permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38, 'Intangible Assets'. Accordingly, the Company has elected to measure all of its property, plant and equipment & intangible assets at their previous GAAP carrying value.

### b) Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at Fair Value through Other Comprehensive Income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity instruments other than investments in subsidiaries, associates and joint ventures

**c) Investment in subsidiaries, associates and joint ventures**

Ind AS 101, 'First-time Adoption of Indian Accounting Standards' allows a Company to measure investments in subsidiaries, associates and joint ventures at the deemed cost. The Company has considered the carrying amount under previous GAAP as the deemed cost for Investment in Subsidiary.

**3. Ind AS mandatory exceptions Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were an error.

Ind AS estimates as at 01 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

**Classification and measurement of Financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109, 'Financial Instruments' are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. Measurement of Financial assets at amortised cost using effective interest rate method, wherever applicable, has been made retrospectively.

The measurement exemption applies for financial liabilities as well.

**De-recognition of Financial assets and liabilities**

Ind AS 101, 'First-time Adoption of Indian Accounting Standards' requires a first-time adopter to apply the de-recognition provisions of Ind AS 109,'Financial Instruments' prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101, 'First-time Adoption of Indian Accounting Standards' allows a first-time adopter to apply the de-recognition requirements in Ind AS 109,'Financial Instruments' retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109,'Financial Instruments' to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109,'Financial Instruments' prospectively from the date of transition to Ind AS.

**Reconciliations between previous GAAP and Ind AS**

Ind AS 101, 'First-time Adoption of Indian Accounting Standards' requires an entity to reconcile equity, total comprehensive income and cash flows for prior years/periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

## Reconciliation to first time adoption of Ind AS

### (i) Balance sheet as at 01st April 2016

₹ in Lakhs

| Particulars | Notes | IGAAP as at 1 April 2016 | Reclassification | Other Accounting Adjustment | Ind AS as at 1 April 2016 |
|---|---|---|---|---|---|
| **I ASSETS** | | | | | |
| **A Non-current assets** | | | | | |
| a) Property, plant and equipment | 2 | 33,712.36 | - | (4.51) | 33,707.85 |
| b) Capital work-in-progress | 3 | 1,009.54 | - | - | 1,009.54 |
| c) Intangible assets | 4 | 37.02 | - | - | 37.02 |
| d) Financial Assets | | | | | |
| i) Investments | 5 | 372.27 | - | 9.83 | 382.10 |
| ii) Other financial assets | 6 | 748.69 | (228.90) | (53.51) | 466.28 |
| e) Other non-current assets | 7 | - | 228.90 | 51.13 | 280.03 |
| **Total non-current assets (A)** | | **35,879.88** | **-** | **2.94** | **35,882.82** |
| **B Current Assets** | | | | | |
| a) Inventories | 8 | 854.84 | | - | 854.84 |
| b) Financial Assets | | | | | - |
| i) Trade receivables | 9 | 897.32 | - | - | 897.32 |
| ii) Cash and cash equivalents | 10 | 5,093.69 | (3,909.77) | - | 1,183.92 |
| iii) Bank balances other than (ii) above | 11 | - | 3,909.77 | - | 3,909.77 |
| iv) Other financial assets | 12 | 162.43 | (95.85) | - | 66.58 |
| c) Other current assets | 13 | 66.58 | 95.85 | - | 162.43 |
| **Total current assets (B)** | | **7,074.86** | **-** | **-** | **7,074.86** |
| **Total Assets (A+B)** | | **42,954.74** | **-** | **2.94** | **42,957.68** |
| **II EQUITY AND LIABILITIES** | | | | | |
| **A Equity** | | | | | |
| a) Equity share capital | 14 | 1,094.23 | - | - | 1,094.23 |
| b) Other equity | 15 | 16,460.59 | - | 201.76 | 16,662.35 |
| **Total Equity (A)** | | **17,554.82** | **-** | **201.76** | **17,756.58** |
| **B Non-Current Liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 16 | 12,079.41 | - | - | 12,079.41 |
| ii) Other financial liabilities | 17 | 285.79 | (232.12) | (7.75) | 45.92 |
| b) Provisions | 18 | 565.87 | - | - | 565.87 |
| c) Deferred tax liabilities (Net) | 19 | 3,316.76 | - | (0.87) | 3,315.89 |
| d) Other non-current liabilities | 20 | - | - | 7.34 | 7.34 |
| **Total non-current liabilities (B)** | | **16,247.83** | **(232.12)** | **(1.28)** | **16,014.44** |
| **C Current liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 21 | 552.40 | - | - | 552.40 |
| ii) Trade payables | 22 | 1,871.99 | - | - | 1,871.99 |
| iii) Other financial liabilities | 23 | - | 5,262.63 | - | 5,262.63 |
| b) Provisions | 24 | 420.09 | - | (197.55) | 222.54 |
| c) Other current liabilities | 25 | 6,307.61 | (5,030.51) | - | 1,277.10 |
| **Total current liabilities (C)** | | **9,152.09** | **232.12** | **(197.55)** | **9,186.66** |
| **Total Equity and Liabilities (A+B+C)** | | **42,954.74** | **-** | **2.94** | **42,957.68** |

## (ii) Balance sheet as at 31st March 2017

₹ in Lakhs

| Particulars | Notes | IGAAP as at 31st March 2017 | Reclassification | Other Accounting Adjustment | Ind AS as at 31st March 2017 |
|---|---|---|---|---|---|
| **I ASSETS** | | | | | |
| **A Non-current assets** | | | | | |
| a) Property, plant and equipment | 2 | 35,396.04 | - | (18.31) | 35,377.73 |
| b) Capital work-in-progress | 3 | 564.86 | - | - | 564.86 |
| c) Intangible assets | 4 | 26.57 | - | - | 26.57 |
| d) Financial Assets | | | | | |
| i) Investments | 5 | 372.27 | - | 16.41 | 388.68 |
| ii) Other financial assets | 6 | 871.68 | (307.19) | (49.51) | 514.98 |
| e) Other non - current assets | 7 | - | 307.19 | 44.96 | 352.16 |
| **Total non - current assets (A)** | | **37,231.42** | - | **(6.45)** | **37,224.98** |
| **B Current Assets** | | | | | |
| a) Inventories | 8 | 877.76 | - | - | 877.76 |
| b) Financial Assets | | | | | - |
| i) Trade receivables | 9 | 1,175.35 | | | 1,175.35 |
| ii) Cash and cash equivalents | 10 | 6,812.82 | (5,062.83) | | 1,749.99 |
| iii) Bank balances other than (ii) above | 11 | | 5,062.81 | | 5,062.81 |
| iv) Other financial assets | 12 | 128.44 | 42.85 | | 171.28 |
| c) Other current assets | 13 | 171.29 | (42.83) | | 128.46 |
| **Total current assets (B)** | | **9,165.65** | **-** | **-** | **9,165.65** |
| **Total Assets (A+B)** | | **46,397.07** | **-** | **(6.45)** | **46,390.63** |
| **II EQUITY AND LIABILITIES** | | | | | |
| **A Equity** | | | | | |
| a) Equity share capital | 14 | 1,094.23 | - | - | 1,094.23 |
| b) Other equity | 15 | 22,439.02 | - | 0.57 | 22,439.59 |
| **Total Equity (A)** | | **23,533.25** | **-** | **0.57** | **23,533.82** |
| **B Non-Current Liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 16 | 8,572.38 | - | - | 8,572.38 |
| ii) Other financial liabilities | 17 | 333.23 | (271.87) | (6.87) | 54.49 |
| b) Provisions | 18 | 580.50 | - | - | 580.50 |
| c) Deferred tax liabilities (Net) | 19 | 4,004.07 | - | (5.33) | 3,998.74 |
| d) Other non-current liabilities | 20 | - | - | 6.44 | 6.44 |
| **Total non - current liabilities (B)** | | **13,490.18** | **(271.87)** | **(5.76)** | **13,212.55** |
| **C Current liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 21 | 433.44 | - | - | 433.44 |
| ii) Trade payables | 22 | 1,624.74 | - | - | 1,624.74 |
| iii) Other financial liabilities | 23 | | 5,686.72 | | 5,686.72 |
| b) Provisions | 24 | 336.73 | | (1.25) | 335.48 |
| c) Other current liabilities | 25 | 6,978.73 | (5,414.85) | | 1,563.88 |
| **Total current liabilities (C)** | | **9,373.64** | **271.87** | **(1.25)** | **9,644.26** |
| **Total Equity and Liabilities (A+B+C)** | | **46,397.07** | **-** | **(6.44)** | **46,390.63** |

### (i) Statement of Profit and Loss for the Year ended 31st March 2017

₹ in Lakhs

| Particulars | Notes | IGAAP for the year 2016-17 | Reclassification | Other Accounting Adjustment | Ind AS for the year 2016-17 |
|---|---|---|---|---|---|
| I Revenue from operations | 26 | 52,562.15 | 545.18 | - | 53,107.33 |
| II Other income | 27 | 783.49 | (173.15) | 7.34 | 617.68 |
| **III TOTAL INCOME ( I + II )** | | **53,345.64** | **372.03** | **7.34** | **53,725.01** |
| **IV EXPENSES** | | | | | |
| Cost of Medicines and Hospital Consumables Consumed | 28 | 15,974.10 | - | - | 15,974.10 |
| Employee benefits expense | 29 | 8,817.54 | (44.57) | - | 8,772.97 |
| Finance Cost | 30 | 1,468.77 | - | 3.30 | 1,472.07 |
| Depreciation and Amortization expenses | 31 | 2,367.44 | - | 13.79 | 2,381.23 |
| Other Expenses | 32 | 15,514.06 | 372.03 | 4.93 | 15,891.02 |
| **TOTAL EXPENSES (IV)** | | **44,141.91** | **327.46** | **22.02** | **44,491.40** |
| **V Profit Before Exceptional Items and Tax (III-IV)** | | **9,203.73** | **44.56** | **(14.68)** | **9,233.61** |
| VI Exceptional items | | | | | |
| **VII Profit Before Tax (V - VI)** | | **9,203.73** | **44.56** | **(14.68)** | **9,233.61** |
| **VIII Tax Expenses / (benefit)** | | | | | |
| Current tax | 33 | 2,536.77 | - | - | 2,536.77 |
| Prior Year Tax | | 1.23 | - | - | 1.23 |
| Deferred tax | | 687.30 | - | 10.96 | 698.26 |
| **IX Profit for the Year ( VII - VIII )** | | **5,978.43** | **44.56** | **(25.64)** | **5,997.35** |
| **X Other Comprehensive Income** | | | | | |
| i) Items that will not be reclassified to profit or loss | | | | | |
| a) Remeasurement of post employment benefit obligations | | - | (44.56) | - | (44.56) |
| b) Change in fair value of FVOCI equity instruments | | - | - | 6.58 | 6.58 |
| ii) Income tax relating to these items | | - | - | 15.42 | 15.42 |
| **Total Other Comprehensive Income for the period, net of tax** | | **-** | **(44.56)** | **22.00** | **(22.56)** |
| **XI Total Comprehensive Income For the Year ( IX + X )** | | **5,978.43** | **-** | **(3.64)** | **5,974.79** |

### (iv) Equity Reconciliation Under Ind AS

₹ in Lakhs

| Particulars | Notes | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **As per previous GAAP** | | | |
| 1,09,42,262 (previous year : 1,09,42,262) Equity shares of ₹10/- each | | 1,094.23 | 1,094.23 |
| General Reserve | | 4,244.95 | 4,244.95 |
| Retained earnings | | 18,194.07 | 12,215.64 |
| **Total Equity as per previous GAAP - A** | | **23,533.25** | **17,554.82** |
| **(Add)/Less: Ind AS adjustments** | | | |
| Dividend Appropriations reversed | III | 197.55 | 197.55 |
| Payment of Dividend during 2016-17 | III | (197.55) | - |
| Fair Valuation of long term financial assets and liabilities | I | (2.73) | (1.84) |
| Fair valuation of Equity Instruments designated through OCI | II | 16.41 | 9.83 |
| Depreciation impact on Lease hold Improvements | IX | (18.31) | (4.52) |
| Tax Impact on the above adjustments | V, VII | 5.20 | 0.73 |
| **Total adjustments under Ind AS - B** | | **0.57** | **201.76** |
| **Total equity as per Ind AS - (A+B)** | 14 , 15 | **23,533.82** | **17,756.58** |

### (v) Reconciliation of total comprehensive income for the year ended 31st March, 2017

₹ in Lakhs

| Particulars | Notes | 2016-17 |
|---|---|---|
| **Net Profit after tax as per previous GAAP (A)** | | 5,978.43 |
| **Ind AS Adjustments** | | |
| Remeasurement of actuarial gains / (losses) on employee benefits | IV | 44.56 |
| Impact on account of Fair Valuation of Financials assets and liabilities | I | (0.90) |
| Depreciation impact on Lease hold Improvements | IX | (13.80) |
| Deferred Tax impact on above adjustments | V, VII | (10.96) |
| **Total Ind AS adjustments** | | **18.90** |
| **Profit after tax before Other Comprehensive Income (OCI) as per Ind AS (B)** | | 5,997.34 |
| **Other Comprehensive Income** | | |
| Remeasurement of post employment benefit obligations | IV | (44.56) |
| Change in fair value of FVOCI equity instruments | II | 6.58 |
| Income tax relating to these items | V, VII | 15.42 |
| **Total Comprehensive income as per Ind AS** | | **5,974.79** |

**(vi) Reconciliation of Statement of Cash flows:**

**Impact of Ind AS adoption on the statement of cash flow for the year ended 31st March, 2017**

**₹ in Lakhs**

| Particulars | Notes | 2016 - 17 | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of Transition to Ind AS | As per Ind AS |
| Net cash generated from (used in) operating activities | I To VII | 9,879.59 | (0.71) | 9,878.88 |
| Net cash generated from (used in) investing activities | II | (3,205.85) | 3.99 | (3,201.86) |
| Net cash generated from (used in) financing activities | III, VII | (4,954.61) | (3.30) | (4,957.91) |
| Net In crease/(Decrease) in cash and cash equivalents | | 1,719.13 | - | 1,719.13 |
| Cash and cash equivalents as at the beginning of the year | | 5,093.69 | - | 5,093.69 |
| Bank Balances not considered as Cash and Cash equivalents | | 6,606.55 | - | 5,062.81 |
| Cash and cash equivalents as at the end of the year | | 206.27 | | 1,749.99 |

**Notes to the reconciliation**

**I. Financial Assets at Amortised cost**

Under previous GAAP, the security deposits were carried at nominal value. Ind AS requires these assets to be measured at fair value and subsequently these assets are measured at amortized cost. At the initial recognition, the company has recognised the difference between deposit fair value and nominal value as prepaid rental expenses and same is being recognised as rental expenses on straight line basis over the lease period. Further, Company recognises notional interest income on these deposit over the lease term.

**II. Fair valuation of Investment**

Certain equity instruments (other than investments in subsidiaries) have been measured at fair value through other comprehensive income. The difference between the fair value and previous GAAP carrying value as on the date of transition has been recognised as an adjustment to the opening retained earnings/ seperate component of other equity

**III. Dividend**

Prior to 1.4.2016, dividend proposed by the Board of Directors, but before the approval of the financial statements were considered as adjusting events, under previous GAAP. However under IND AS, such dividend are recognised when the same is approved by the shareholders at Annual General Meeting (AGM). Accordingly, the liability for proposed dividend recognised as on transition date has been reversed with corresponding adjustment to opening retained earnings and recognised in the year of approval in the AGM.

**IV. Defined Benefit liabilities**

Under IND AS, actuarial gain/ losses and the return on plan assets are recognised in the Other Comprehensive Income (OCI) instead of profit and loss

**V. Deferred Tax**

Under previous GAAP, deferred tax was accounted using the income statement approach on timing difference between taxable profit and accounting profit. Under IND AS, deferred tax is recognised following Balance sheet approach on temporary differences between the carrying amount of asset or liability and its tax base.

**VI. Other comprehensive income**

Under previous GAAP, there was no concept of 'Other Comprehensive income' (OCI). Under Ind AS, certain items of incomes and expenses needs to be recognised under the Other Comprehensive Income, such as remeasurement gains/losses of defined employee benefits, fair valuation gains /losses of financial assets designated through OCI etc. A reconciliation of the profit/loss as per previous GAAP to profit/loss as per Ind AS has been presented.

**VII. Tax impact on adjustments**

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

**VIII. Reclassifications under Ind AS**

Assets and Liabilities have been regrouped/ reclassified where ever required to conform to the requirements of Ind ASs.

**IX. Depreciation on Leased Building**

Under previous GAAP, depreciation on lease hold improvements were provided for based on the useful lives estimated by the management. This is now depreciated over the primary period of lease, with appropriate adjustments to retained earnings as at the transition date.

**35. Employee benefits**

**a) Defined contribution plan:**

The Company makes contributions towards provident fund and employees state insurance as a defined contribution retirement benefit fund for qualifying employees. The provident fund is operated by the regional provident fund commissioner. The Employees state insurance is operated by the Employees State Insurance Corporation. Under these schemes, the Company is required to contribute a specific percentage of the payroll cost as per the statue.

The total expenses recognized in the Statement of Profit and Loss of ₹ 629.87 Lakhs (for the year ended March 31, 2017: ₹ 595.55 Lakhs) represents contributions payable to these plans by the Company.

**b) Defined benefit plans:**

**i) Gratuity**

The company operates a defined benefit plan for payment of post-employment benefits in the form of Gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the Payment of Gratuity Act, 1972. The terms of benefits are common for all the employees of the company.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

| | |
|---|---|
| **Investment Risk:** | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. |
| **Interest Risk:** | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| **Salary Risk:** | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan parti cipants. As such, an increase in the salary of the plan participants will increase the plan's liability. |
| **Longevity Risk:** | The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |

**a) The principal assumptions used for the purposes of the actuarial valuations were as follows.**

| Particulars | Valuation as at | | |
|---|---|---|---|
| | **As at 31st March 2018** | **As at 31st March 2017** | **As at 01st April 2016** |
| Discount rate(s) | 6.81% | 6.56% | 6.56% |
| Expected Return on Assets | - | - | - |
| Salary Escalation | Uniform 8.0% | Uniform 8.0% | Uniform 8.0% |
| Attrition Rate | Uniform 40.0% | Uniform 35.0% | Uniform 35.0% |
| Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | | |

**b) Amount recognized in statement of profit and loss in respect of these defined benefit plans are as follows.**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Current service cost | 164.92 | 42.83 |
| Net Interest on Defined Benefit Obligations | 47.01 | 46.44 |
| Expected return on Plan assets | - | - |
| Past service cost and (gain) / loss from settlements | 15.92 | - |
| **Expenses recognized in the statement of profit and loss** | **227.85** | **89.27** |

**c) Recognized in Other Comprehensive Income for the year**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Return on plan assets (excluding amounts included in net interest expense) | - | - |
| Actuarial gains / losses arising from changes in demographic assumptions | (10.27) | 7.26 |
| Actuarial gains / losses arising from changes in financial assumptions | (4.26) | 14.39 |
| Actuarial gains / losses arising from experience adjustments | 17.25 | 22.91 |
| **Amount recognized in OCI for the current period** | **2.72** | **44.56** |

**d) Movements in the present value of the defined benefit obligation are as follows:**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Present value of obligations as at the beginning of the year | 748.64 | 649.02 |
| Current service cost | 164.92 | 42.83 |
| Past service cost | 15.92 | - |
| Net Interest on Defined Benefit Obligations | 47.01 | 46.44 |
| Remeasurement (gains) / losses: | | |
| Actuarial gains / losses arising from changes in demographic assumptions | (10.27) | 7.26 |
| Actuarial gains / losses arising from changes in financial assumptions | (4.26) | 14.39 |
| Actuarial gains / losses arising from experience adjustments | 17.25 | 22.91 |
| Benefits paid | (64.05) | (34.21) |
| **Present value of obligations as at the end of the year** | **915.16** | **748.64** |

**e) Change in fair value of plan assets**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Fair value of plan assets as at the beginning of the period | - | - |
| Return on plan assets | - | - |
| Contributions | 64.05 | 34.21 |
| Benefits paid | (64.05) | (34.21) |
| Actuarial gain / (loss) on plan assets | - | - |
| **Fair value of plan assets as at the end of the period** | **-** | **-** |

### f) Net Asset / Liability recognized in Balance Sheet

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Present value of obligations | 915.16 | 748.64 |
| Fair Value of Plan Assets | - | - |
| **Amount recognized** | **915.16** | **748.64** |

### g) Sensitivity Analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Discount rate + 100 basis points | 898.06 | 731.53 |
| Discount rate - 100 basis points | 933.07 | 766.68 |
| Salary Escalation rate + 1% | 928.15 | 761.70 |
| Salary Escalation rate - 1% | 902.49 | 735.99 |
| Attrition rate + 1% | 912.39 | 746.01 |
| Attrition rate - 1% | 918.02 | 751.36 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated

### h) Experience adjustments

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Defined Benefit Obligation | 915.16 | 748.64 |
| Plan Assets | - | - |
| Surplus / (Deficit) in Plan Assets | (915.16) | (748.64) |
| Experience Adjustments on Plan Liabilities – Loss / (Gain) | 17.25 | 22.91 |
| Experience Adjustments on Plan Assets – Gain / (Loss) | - | - |

### ii) Leave Encashment Benefits

Under the compensated absences plan, leave encashment is payable to all eligible employees on separation from the Company due to death, retirement, superannuation or resignation, at the rate of per day basic salary, as per current accumulation of leave days.

**Assumptions used in accounting for compensated absences**

**₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Present value of unfunded obligation | 198.08 | 167.36 |
| Expense recognized in Statement of Profit and Loss | 128.04 | 118.05 |
| Discount rate per annum | 6.81% | 7.35% |
| Salary escalation rate per annum | 8.00% | 8.00% |

### 36. Financial instruments

### a) Capital Management

The Company manages its capital with the objective to maximize the return to stakeholders through the optimisation of the debt and equity mix. The Company's overall strategy remains unchanged from previous year.

The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements.

The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). Net debts are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

The following table summarizes the capital structure and gearing ratio of the Company

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Non-Current Borrowings (Refer Note : 16) | 16,456.18 | 8,572.38 | 12,079.41 |
| Current Borrowings (Refer Note : 21) | 8.87 | 433.44 | 552.40 |
| Current Maturities of Long term Debt (Refer Note : 23) | 3,694.97 | 3,541.78 | 3,204.65 |
| **Total Borrowings (a)** | **20,160.02** | **12,547.60** | **15,836.46** |
| Cash and Cash equivalents (Refer Note:10) | 2,365.20 | 1,749.99 | 1,183.92 |
| Bank Balances other than cash and cash equivalents (Refer Note : 11) | 6,856.78 | 5,062.81 | 3,909.77 |
| **Total Cash (b)** | **9,221.98** | **6,812.80** | **5,093.69** |
| **Net Debt (c) = (a)-(b)** | **10,938.04** | **5,734.80** | **10,742.77** |
| Equity (Refer Note :14 ) | 1,094.23 | 1,094.23 | 1,094.23 |
| Other Equity (Refer Note : 15) | 27,904.61 | 22,439.59 | 16,662.35 |
| **Total Equity (d)** | **28,998.84** | **22,533.82** | **17,756.58** |
| **Total Capital (e) = (c)+(d)** | **39,936.88** | **28,268.62** | **28,499.35** |
| **Gearing Ratio = (c)/(d)** | **37.72%** | **25.45%** | **60.50%** |

**Note:** i) Equity includes all capital and reserves of the company that are managed as capital.

ii) Debt is defined as long term and short term borrowings (excluding derivatives and financial guarantee contracts) as described in Note No 16 and Note No 21.

**b) Fair Value Measurements**

**i. Financial instruments by category**

The carrying values of financial instruments by categories as at March 31, 2018 were as follows:

**₹ in Lakhs**

| Particulars | Note | FVTPL | FVOCI | Amortised Cost | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Investments | 5 | - | 16.50 | 363.58 | 380.08 | 380.08 |
| Trade Receivables | 9 | - | - | 1,382.21 | 1382.21 | 1382.21 |
| Other financial assets | 6,12 | - | - | 788.30 | 788.30 | 788.30 |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 16,21 | - | - | 16,465.05 | 16,465.05 | 16,465.05 |
| Trade payables | 22 | - | - | 2,022.12 | 2,022.12 | 2,022.12 |
| Other financial liabilities | 17,23 | - | - | 6632.83 | 6632.83 | 6632.83 |

**The carrying values of financial instruments by categories as at March 31, 2017 were as follows:**

**₹ in Lakhs**

| Particulars | Note | FVTPL | FVOCI | Amortised Cost | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Investments | 5 | - | 19.10 | 369.58 | 388.68 | 388.68 |
| Trade Receivables | 9 | - | - | 1,175.35 | 1,175.35 | 1,175.35 |
| Other financial assets | 6,12 | - | - | 686.26 | 686.26 | 686.26 |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 16,21 | - | - | 9005.82 | 9005.82 | 9005.82 |
| Trade payables | 22 | - | - | 1624.74 | 1624.74 | 1624.74 |
| Other financial liabilities | 17,23 | - | - | 5741.21 | 5741.21 | 5741.21 |

**The carrying values of financial instruments by categories as at 1st April, 2016 were as follows:**

**₹ in Lakhs**

| Particulars | Note | FVTPL | FVOCI | Amortised Cost | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Investments | 5 | - | 12.52 | 369.58 | 382.10 | 382.10 |
| Trade Receivables | 9 | - | - | 897.32 | 897.32 | 897.32 |
| Other financial assets | 6,12 | - | - | 532.86 | 532.86 | 532.86 |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 16,21 | - | - | 12,631.81 | 12,631.81 | 12,631.81 |
| Trade payables | 22 | - | - | 1871.99 | 1871.99 | 1871.99 |
| Other financial liabilities | 17,23 | - | - | 5,308.55 | 5,308.55 | 5,308.55 |

### ii. Fair Value Hierarchy

The Company has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2018**

₹ in Lakhs

| Particulars | Note | Level 1 | Level 2 | Level 3 | Carrying values |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| At amortised costs | | | | | |
| Investments – Non-current Unquoted | 5 | - | - | 363.58 | 363.58 |
| Trade Receivables | 9 | - | - | 1,382.21 | 1,382.21 |
| Other financial assets | 6,12 | - | - | 788.30 | 788.30 |
| At fair value through Other Comprehensive Income | | | | | |
| Investments – Non-current | 5 | 16.50 | - | - | 16.50 |
| | | | | | |
| **Financial Liabilities** | | | | | |
| At amortised costs | | | | | |
| Borrowings | 16,21 | - | - | 16,465.05 | 16,465.05 |
| Trade payables | 22 | - | - | 2,022.12 | 2,022.12 |
| Other financial liabilities | 17,23 | - | - | 6632.83 | 6632.83 |

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2017**

₹ in Lakhs

| Particulars | Note | Level 1 | Level 2 | Level 3 | Carrying values |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| At amortised costs | | | | | |
| Investments – Non-current Unquoted | 5 | - | - | 369.58 | 369.58 |
| Trade Receivables | 9 | - | - | 1,175.35 | 1,175.35 |
| Other financial assets | 6,12 | - | - | 686.26 | 686.26 |
| At fair value through Other Comprehensive Income | | | | | |
| Investments – Non-current | 5 | 19.10 | - | - | 19.10 |
| | | | | | |
| **Financial Liabilities** | | | | | |
| At amortised costs | | | | | |
| Borrowings | 16,21 | - | - | 9,005.82 | 9,005.82 |
| Trade payables | 22 | - | - | 1624.74 | 1624.74 |
| Other financial liabilities | 17,23 | - | - | 5741.21 | 5741.21 |

**Fair value hierarchy of financial assets and liabilities measured at fair value as at 1st April, 2016**

₹ in Lakhs

| Particulars | Note | Level 1 | Level 2 | Level 3 | Carrying values |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| At amortised costs | | | | | |
| Investments – Non-current Unquoted | 5 | - | - | 369.58 | 369.58 |
| Trade Receivables | 9 | - | - | 897.32 | 897.32 |
| Other financial assets | 6,12 | - | - | 532.86 | 532.86 |
| **At fair value through Other Comprehensive Income** | | | | | |
| Investments – Non-current | 5 | 12.52 | - | - | 12.52 |
| | | | | | |
| **Financial Liabilities** | | | | | |
| At amortised costs | | | | | |
| Borrowings | 16,21 | - | - | 12,631.81 | 12,631.81 |
| Trade payables | 22 | - | - | 1871.99 | 1871.99 |
| Other financial liabilities | 17,23 | - | - | 5,308.55 | 5,308.55 |

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

**iii. Valuation technique used to determine fair value**

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values.

The investment included in Level 3 hierarchy have been valued at cost approach to arrive at the fair values as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range considering the purpose and restriction on the transferability of the instruments.

The estimated fair value amounts as at March 31, 2018 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

There were no transfers between Level 1, Level 2 and Level 3 during the year.

### c) Financial Risk Management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement |
|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Ageing analysis Credit Ratings |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts |
| Market risk – Interest rate risk | Long-term borrowings at variable rates | Cash flow forecasting, Sensitivity analysis |

#### i) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Credit risk management**

**Credit risk rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk
B: Moderate credit risk
C: High credit risk

| Assets Group | Description of category | Particulars | Provision for expected credit loss * |
|---|---|---|---|
| Low credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 12 month expected credit loss / life time expected credit loss |
| Moderate credit risk | Assets where the probability of default is considered moderate, counter - party where the capacity to meet the obligations is not strong. | Nil | 12 month expected credit loss / life time expected credit loss |
| High credit risk | Assets where there is a high probability of default. | Nil | 12 month expected credit loss / life time expected credit loss/fully provided for. |

* Based on past experience and historical trend, there have not been any write off of trade receivables and hence no allowance is made for expected credit on trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Any subsequent recoveries made are recognized in statement of profit and loss.

**Classification of Financial assets among risk categories:**

₹ in Lakhs

| Credit Rating | Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 10,876.69 | 8,159.43 | 6,057.59 |
| Moderate credit risk | Nil | - | - | - |
| High credit risk | Nil | - | - | - |

### Expected credit loss for trade receivables

The Company's trade receivables does not have any expected credit loss as healthcare services are generally provided once the Company receives the entire payment either before or during the course of treatment except in case of insurance claims. Moreover, company has almost recovered all the insurance claims in the past. During the periods presented, the Company made no write-offs of trade receivables and no recoveries from receivables previously written off.

### ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities as at 31st March 2018**

**₹ in Lakhs**

| Particulars | On demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 8.87 | 3,694.97 | 4,106.98 | 12,349.20 | 20,160.02 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | **8.87** | **3,694.97** | **4,106.98** | **12,349.20** | **20,160.02** |

**Maturities of financial liabilities as at 31st March 2017**

**₹ in Lakhs**

| Particulars | On demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 433.43 | 3,541.78 | 7,497.69 | 1,074.69 | 12,547.59 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | **433.43** | **3,541.78** | **7,497.69** | **1,074.69** | **12,547.59** |

**Maturities of financial liabilities as at 1 April 2016**

₹ in Lakhs

| Particulars | On demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 552.40 | 3,204.64 | 10,723.92 | 1,355.50 | 15,836.46 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | **552.40** | **3,204.64** | **10,723.92** | **1,355.50** | **15,836.46** |

### iii) Interest rate risk

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. However, The company's variable rate borrowings are subject to interest rate risk. Below is the overall exposure of the borrowings

**Interest rate risk exposure**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Fixed rate borrowing | 101.50 | 211.99 | 351.00 |
| Variable rate borrowing | 20,049.65 | 11,902.17 | 14,933.06 |
| **Total** | **20,151.15** | **12,114.16** | **15,284.06** |

**Sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change (100 basis points) in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax and carrying amount of project work in progress (which will have subsequent impact on the profit or loss of future period depending upon the revenue which would recognised based on the percentage of completion as indicated in "Significant Accounting Policies" for revenue recognition) is affected through the impact on variable rate borrowings, as follows:

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **Interest sensitivity** | | |
| Interest rates – increase by 100 basis points | 1070.05 | 1392.41 |
| Interest rates – decrease by 100 basis points | 868.01 | 1151.30 |

### 37. Earnings per Share (EPS) (computed in accordance with Ind AS 33)

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Profit for the year attributable to owners of the Company (₹ in Lakhs) | 5797.74 | 5997.35 |
| Weighted Average Number of Equity Shares outstanding during the year for the purpose of Basic Earnings / Diluted Earnings Per Share (Nos. in Lakhs) | 109.42 | 109.42 |
| **Basic/ Diluted Earnings Per Share (in ₹)** | **52.98** | **54.81** |

### 38. Operating lease arrangements

**Disclosure for company as lessee**

The company has entered into operating lease, having a lease period ranging from 1- 28 years, with an option to renew the lease.

The future minimum lease payments are as follows:

**₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Not later than one year | 501.29 | 266.17 |
| Later than one year but not later than five years | 2019.57 | 731.58 |
| Later than five years | 4387.13 | 2134.47 |

**Disclosure for company as lessor**

The company has entered into operating lease, having a lease period ranging from 1- 10 years, with an option to renew the lease.

**₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Not later than one year | 107.96 | 84.35 |
| Later than one year but not later than five years | 145.07 | 97.88 |
| Later than five years | 35.83 | 15.28 |

## 39. Contingent Liabilities and Commitments as on the closing date

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| **Contingent Liabilities:** | | |
| a. Letter of Credit for Capital Equipments | Nil | 571.29 |
| b. Disputed Statutory Liabilities not provided for (excluding interest, if any) | 269.84 | 267.46 |
| c. Claims of various nature made against the Company not acknowledged as debt | 905.95 | 803.85 |
| d. Employees Benefits (Refer Note 49) | 183.69 | Nil |
| **Commitments:** | | |
| Estimated amount of contracts remaining to be executed on capital account | 33,182.43 | 2420.15 |

## 40. Events after the reporting period

The Board of Directors of the company have recommended dividend of ₹ 3/- per fully paid up equity shares of ₹ 10/- each, aggregating to ₹ 395.74 Lakhs, including ₹ 67.47 Lakhs dividend distribution tax for the FY 2017-18, which is based on the share capital as on March 31, 2018. The actual dividend amount will be dependent on the relevant share capital outstanding as on the record date/ book closure

## 41. Related Party Disclosures under Ind AS - 24

### A. Relationship:

List of Related parties where control exists and other related parties with whom the Company had transactions and their relationships.

| S. No. | Nature of relationship | Name of related parties |
|---|---|---|
| 1. | Key Management Personnel / Promoters | o Dr. Nalla G Palaniswami<br>o Dr. Thavamani Devi Palaniswami<br>o Dr. Mohan S Gounder<br>o Dr. Arun N Palaniswami<br>o Mr. Kasi K Goundan<br>o Dr. M.Manickam<br>o CA.A.M. Palanisamy<br>o Dr.M.C. Thirumoorthi<br>o Mr.A.K. Venkatasamy<br>o Mr. K. Saminathan<br>o Dr. M.A. Muthusethupathi<br>o Dr. Purani P Palaniswami |
| 2. | Subsidiary Company | o Idhayam Hospitals Erode Limited |
| 3. | Other Related Parties (includes entities in which the Directors are interested) | o Purani Hospital Supplies Limited<br>o Aosta Software Technologies (India) Limited<br>o Sakthi Sugars Limited<br>o Biomed Hitech Industries Limited<br>o NGP Estate Motors Agencies<br>o KMCH Research Foundation<br>o Dr. K.S.K. Murugaiyan<br>o Dr. S. Krishnasamy |

**A.Related Party Transactions:**

₹ in Lakhs

| Particulars | 2017-18 | | | 2016-17 | | |
|---|---|---|---|---|---|---|
| | Key Management Personnel | Subsidiary Company | Other Related Parties | Key Management Personnel | Subsidiary Company | Other Related Parties |
| Lease rent paid | 83.13 | 38.53 | 83.04 | 50.44 | 37.52 | 59.25 |
| Interest on Lease Advance received | - | 14.09 | - | - | 15.00 | - |
| Purchases | 1619.50 | - | 4075.96 | - | - | 3468.40 |
| Advertisement | - | - | - | - | - | 1.16 |
| Rent receipts | - | - | - | - | - | 0.20 |
| IT Software purchase & Hardware Maintenance Charges | - | - | 84.30 | - | - | 8.87 |
| Consultant Charges | - | - | 15.75 | - | - | - |
| Donation Paid | - | - | 200.00 | - | - | - |
| Directors Remuneration, Commission & Perquisites | 680.32 | - | - | 671.07 | - | - |
| Lease Advance received back | - | 50.00 | - | - | - | - |
| Lease Advance paid | - | - | - | 25.00 | - | - |
| Amount payable | 386.73 | - | 160.85 | 394.99 | - | 98.34 |
| Lease Advance paid (Closing balance) | 49.00 | 200.00 | 30.00 | 49.00 | 250.00 | 30.00 |

Guarantees given by Managing Director and Joint Managing Director are restricted to the amount of outstanding borrowings (Refer Note No.16).The remuneration to key management personnel does not include the provision made for Gratuity as they are determined on an actuarial basis for the company as a whole. Disclosure requirements under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Nil (Previous Year: Nil)

## 42. Segment Reporting

The company is engaged in the business of Healthcare activities. Hence, there is only one reportable segment.

## 43. Expenditure in foreign currency

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) CIF value of imports | | |
| (i) Capital goods | 187.87 | 217.28 |
| b) Business Promotion | 14.42 | - |
| c) Dividend paid in foreign currency | | |
| (i) Dividend | 33.11 | 21.66 |
| (ii) No. of Non Resident shareholders (in Nos.) | 68 | 71 |
| (iii) No. of Shares of ₹10 each held by them | 1324218 | 1443939 |

## 44. Corporate Social Responsibility (CSR) Activities:

a. Gross amount required to be spent by the company during the year : ₹ 142.42 Lakhs

b. Amount spent during the year : ₹ 157.35 Lakhs

₹ in Lakhs

| S No. | Particulars | Paid | Yet to be paid | Total |
|---|---|---|---|---|
| (i) | Construction / acquisition of any asset | Nil | Nil | Nil |
| (ii) | On purposes other than (i) above | 153.86 | 3.49 | 157.35 |

**45.** Income tax assessments have been completed upto the Assessment year 2015-16

**46. Disclosure pertaining to micro, small and medium enterprises**

**₹ in Lakhs**

| Particulars | 31.03.18 | 31.03.17 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in: | - | - |
| Principal amount due to micro, small and medium enterprises | 74.35 | 63.71 |
| Interest due on above | - | - |
| **Total** | **74.35** | **63.71** |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day. | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006. | - | - |

**47. Disclosure of change in accounting estimates – Useful life of Property, Plant and Equipment**

During the year the management has re-estimated the useful lives of medical equipments and buildings based on the assessment of technical life of the assets and the economic life of the assets.

Impact for,

a) Financial Year 2017-18 : ₹ 703.91 Lakhs

b) Future Periods : ₹ 8,848.21 Lakhs

**48. Scheme of Amalgamation with Idhayam Hospitals Erode Limited**

The Board at its meeting held on 03rd February 2017 approved the scheme of amalgamation of Idhayam Hospitals Erode Limited (Wholly Owned Subsidiary) with Kovai Medical Center and Hospital Limited effective 1st April 2016. Pursuant to an Order dated 21st November, 2017 passed by the National Company Law Tribunal, Chennai Bench, separate meetings of Unsecured Creditors and Equity Share holders of Kovai Medical Center and Hospital Limited was convened and held at the Registered Office of the Company, on 04th January, 2018, approving with or without modification(s), the proposed Scheme of Amalgamation and Arrangement between Idhayam Hospitals Erode Limited and Kovai Medical Center and Hospital Limited under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.The Company has already obtained no objections to the scheme from its secured creditors. The Company had filed the scheme with Bombay Stock Exchange Limited as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Statutory Clearances from Regional Director, Company Law Board, Department of Income Tax, Government of India are awaited before the Tribunal issues the Final Order confirming the Scheme of Amalgamation.

**49.** The Government of Tamil Nadu wide G.O.(2D) No.24 dated 02-03-2018 has revised the minimum rates of wages for the employees working in the hospital. The Indian Medical Association (IMA), Tamilnadu branch, an apex body representing the medical institutions in the country and Tamilnadu, has represented to the government of Tamilnadu to review theG.O. The IMA, Tamilnadu branch has in turn informed all the medical institutions to keep the matter in abeyance pending such review from Government of Tamilnadu. Consequently the anticipated liability as per G.O. has not been provided for in the financial statement but has been disclosed as contingent liability.

**50.** Disclosure as required under section 186(4) of the Companies Act, 2013 : Loans and guarantees furnished by the Company: Nil (Previous year – Nil) Investments made are given under the respective head.

**51.** Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.

**52.** Figures have been rounded off to the nearest thousands. Figures are in ₹ in Lakhs, except otherwise stated.

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Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements
As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Place : Coimbatore
Date : 29-05-2018

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

# CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Kovai Medical Center and Hospital Limited**

**Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind As financial statements of **Kovai Medical Center and Hospital Limited** (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Ind AS Financial Statements”).

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making Judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's Judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at 31st March, 2018, their consolidated profit, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Company so far as it appears from our examination of those books;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the the Group and the operating effectiveness of such controls, we give our separate Report in the “Annexure”.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 39 to the Consolidated Ind AS Financial Statements;

(ii) The Group did not have any material foreseeable losses on long term contracts including derivative contracts;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company;

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W /W100048

Sd/-
**Kaushik Sidartha**
Partner
Membership No. 217964

Place: Coimbatore
Date: 29-05-2018

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Kovai Medical Center and Hospital Limited** on the consolidated Ind AS financial statements for the year ended 31-03-2018]

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Group, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Group which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W /W100048

Sd/-
**Kaushik Sidartha**
Partner
Membership No. 217964

Place: Coimbatore
Date: 29-05-2018

## BALANCE SHEET AS AT 31st MARCH 2018

₹ in Lakhs

| Particulars | Notes | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|---|
| **I ASSETS** | | | | |
| **A Non-current assets** | | | | |
| a) Property, plant and equipment | 2 | 44,178.07 | 35,650.35 | 33,985.78 |
| b) Capital work-in-progress | 3 | 1,287.57 | 564.86 | 1,009.54 |
| c) Intangible assets | 4 | 206.15 | 151.03 | 161.48 |
| d) Financial Assets | | | | |
| i) Investments | 5 | 22.50 | 31.10 | 24.52 |
| ii) Other financial assets | 6 | 316.08 | 265.26 | 223.67 |
| e) Other non-current assets | 7 | 2,502.95 | 389.52 | 314.08 |
| **Total non-current assets (A)** | | **48,513.32** | **37,052.12** | **35,719.07** |
| **B Current Assets** | | | | |
| a) Inventories | 8 | 1,082.72 | 877.76 | 854.83 |
| b) Financial Assets | | | | |
| i) Trade receivables | 9 | 1,382.21 | 1,175.35 | 897.32 |
| ii) Cash and cash equivalents | 10 | 2,368.11 | 1,752.39 | 1,186.84 |
| iii) Bank balances other than (ii) above | 11 | 6,872.79 | 5,090.31 | 3,918.77 |
| iv) Other financial assets | 12 | 272.50 | 171.76 | 67.12 |
| c) Other current assets | 13 | 120.55 | 128.80 | 162.77 |
| **Total current assets (B)** | | **12,098.88** | **9,196.37** | **7,087.65** |
| **Total Assets (A+B)** | | **60,612.20** | **46,248.49** | **42,806.72** |
| **II EQUITY AND LIABILITIES** | | | | |
| **A Equity** | | | | |
| a) Equity share capital | 14 | 1,094.23 | 1,094.23 | 1,094.23 |
| b) Other equity | 15 | 27,761.41 | 22,296.17 | 16,509.93 |
| **Total Equity (A)** | | **28,855.64** | **23,390.40** | **17,604.16** |
| **B Non-Current Liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 16 | 16,456.18 | 8,572.38 | 12,079.41 |
| ii) Other financial liabilities | 17 | 56.40 | 54.49 | 45.92 |
| b) Provisions | 18 | 700.83 | 580.50 | 565.87 |
| c) Deferred tax liabilities (Net) | 19 | 3,978.05 | 3,998.74 | 3,315.89 |
| d) Other non-current liabilities | 20 | 3.96 | 6.44 | 7.34 |
| **Total non-current liabilities (B)** | | **21,195.42** | **13,212.55** | **16,014.43** |
| **C Current liabilities** | | | | |
| a) Financial liabilities | | | | |
| i) Borrowings | 21 | 8.87 | 433.44 | 552.40 |
| ii) Trade payables | 22 | 2,022.12 | 1,624.74 | 1,871.99 |
| iii) Other financial liabilities | 23 | 6,577.50 | 5,687.77 | 5,263.69 |
| b) Provisions | 24 | 412.40 | 335.48 | 222.54 |
| c) Other current liabilities | 25 | 1,540.25 | 1,564.11 | 1,277.51 |
| **Total current liabilities (C)** | | **10,561.14** | **9,645.54** | **9,188.13** |
| **Total Equity and Liabilities (A+B+C)** | | **60,612.20** | **46,248.49** | **42,806.72** |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

Place : Coimbatore
Date : 29-05-2018

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018

₹ in Lakhs

| Particulars | Notes | 2017 - 18 | 2016 - 17 |
|---|---|---|---|
| I Revenue from Operations | 26 | 59,236.63 | 53,107.33 |
| II Other Income | 27 | 752.15 | 603.77 |
| **III Total Income (I+II)** | | **59,988.78** | **53,711.10** |
| **IV EXPENSES** | | | |
| Cost of Medicines & Hospital Consumables Consumed | 28 | 17,207.64 | 15,974.10 |
| Employee benefits expense | 29 | 9,821.66 | 8,773.27 |
| Finance Costs | 30 | 1,286.13 | 1,472.07 |
| Depreciation and amortization expense | 31 | 3,433.14 | 2,386.55 |
| Other Expenses | 32 | 19,296.69 | 15862.49 |
| **Total Expenses (IV)** | | **51,045.26** | **44,468.48** |
| **V Profit before Exceptional items and tax (III - IV)** | | **8,943.52** | **9,242.62** |
| **VI** Exceptional Items | | - | - |
| **VII Profit Before Tax (V - VI)** | | **8,943.52** | **9,242.62** |
| **VIII Tax Expenses/ (benefit)** | | | |
| Current Tax (Net) | 33 | 3,164.35 | 2,536.77 |
| Prior Year Tax | | 0.05 | 1.24 |
| Deferred Tax | | (18.85) | 698.26 |
| **IX Profit for the year (VII - VIII)** | | **5,797.97** | **6,006.35** |
| **X Other Comprehensive Income** | | | |
| i) Items that will not be reclassified to profit or loss: | | | |
| a) Re-measurement of post employment benefit obligations | | (2.72) | (44.56) |
| b) Changes in equity instruments measured at FVOCI | | (2.60) | 6.58 |
| ii) Income tax relating to items that will not be reclassified into profit or loss | | 1.84 | 15.42 |
| **XI Total Comprehensive Income for the year (IX + X)** | | **5,794.49** | **5,983.79** |
| **XII Earnings Per Equity Share (In ₹)** | | | |
| Basic / Diluted (Face Value of ₹ 10 Each) | 37 | 52.99 | 54.89 |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Place : Coimbatore
Date : 29-05-2018

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

## STATEMENT OF CHANGES IN EQUITY

### A) Share capital

| Particulars | ₹ in Lakhs |
|---|---|
| Balance as at 1st April 2016 | 1,094.23 |
| Changes in Equity share capital during the year | - |
| Balance as at 31st March 2017 | 1,094.23 |
| Changes in Equity share capital during the year | - |
| Balance as at 31st March 2018 | 1,094.23 |

### B) Other Equity

₹ in Lakhs

| Particulars | Reserve and Surplus | | Items of Other Comprehensive Income (OCI) | | Total |
|---|---|---|---|---|---|
| | General Reserve | Retained Earnings | Equity instruments through OCI | Other items of OCI | |
| Opening Balance at the beginning of 1st April, 2016 | 4,244.95 | 12,303.31 | 9.83 | (48.16) | 16,509.93 |
| Add: Profit for the Year Ended 31.03.2017 | - | 6,006.35 | - | - | 6,006.35 |
| Add: Other Comprehensive Income for the year ended 31.03.2017, net of taxes | - | - | 6.58 | (29.14) | (22.56) |
| Less: Dividend (including dividend tax) | - | 197.55 | - | - | 197.55 |
| **Closing Balance as at 31st March, 2017** | **4,244.95** | **18,112.11** | **16.41** | **(77.30)** | **22,296.17** |
| Add: Profit for the Year Ended 31.03.2018 | - | 5,797.97 | - | - | 5,797.97 |
| Add: Other Comprehensive Income for the year, net of taxes | - | - | (2.60) | (0.88) | (3.48) |
| Less: Dividend (including dividend tax) | - | 329.25 | - | - | 329.25 |
| **Closing Balance as at 31st March, 2018** | **4,244.95** | **23,580.83** | **13.81** | **(78.18)** | **27,761.41** |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements
As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Place : Coimbatore
Date : 29-05-2018

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

₹ in Lakhs

| Particulars | 2017 - 18 | | 2016 - 17 | |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| **Profit before taxation and exceptional items** | | **8,943.50** | | **9,242.61** |
| **Adjustment for:** | | | | |
| Depreciation and Amortisation | 3,433.14 | | 2,386.55 | |
| Non Cash Items | (40.00) | | - | |
| Finance cost | 1,300.22 | | 1,487.07 | |
| Interest Income | (591.37) | | (470.29) | |
| (Profit) / Loss on Sale of Property, Plant & Equipment | 44.66 | | (6.65) | |
| Dividend Income | (0.06) | 4,146.59 | - | 3,396.68 |
| **Operating cash flow before working capital changes** | | **13,090.09** | | **12,639.29** |
| **Changes in Working Capital** | | | | |
| (Increase) / Decrease in Non Current Financial & Other Assests | (2,060.18) | | (124.19) | |
| (Increase) / Decrease in Current Financial & Other Assests | (423.85) | | (289.94) | |
| (Increase) / Decrease in Non Current Financial & Other Liabilities | 69.76 | | 22.30 | |
| (Increase) / Decrease in Current Financial & Other Liabilities | 1,231.62 | (1,182.65) | 194.14 | (197.69) |
| **Cash generated from operations** | | **11,907.44** | | **12,441.60** |
| Income Tax Paid | | (3,218.47) | | (2,530.51) |
| **Net cash from operating activities (A)** | | **8,688.97** | | **9,911.09** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES:** | | | | |
| Purchase of Property, Plant & Equipment | (12,845.13) | | (3,602.65) | |
| Proceeds from sale of Property, Plant & Equipment | 61.78 | | 13.31 | |
| Non-current Investment | 6.00 | | - | |
| Interest Received | 503.80 | | 388.25 | |
| Dividend Received | 0.06 | | - | |
| **Net cash from / (used in) investing activities (B)** | | **(12,273.49)** | | **(3,201.09)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES:** | | | | |
| Long term Borrowings (Net of Repayment) | 8,036.98 | | (3,169.88) | |
| Working Capital Borrowings (Net of Repayment) | (424.57) | | (118.97) | |
| Dividend Paid (inculding dividend distribution tax) | (331.99) | | (196.99) | |
| Finance Cost | (1,297.70) | | (1,487.07) | |
| **Net cash used in financing activities (C)** | | **5,982.72** | | **(4,972.91)** |
| Net increase in cash and cash equivalents (A+B+C) | | **2,398.20** | | **1,737.09** |
| Cash and Bank balances at the beginning of the year | | 6,842.70 | | 5,105.61 |
| Less: Bank balance not considered as Cash & Cash equivalents as per Ind AS (Refer Note.11) | | 6,872.79 | | 5,090.31 |
| Cash and Cash equivalent at the end of the year | | **2,368.11** | | **1,752.39** |

Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements

As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

Place : Coimbatore
Date : 29-05-2018

**Notes to the Consolidated financial statements for the year ended 31st March, 2018**

**Note No.1**

## A. CORPORATE INFORMATION

Kovai Medical Center and Hospital Limited (“the Company”) is a Public Company incorporated in the year 1985 and commenced its hospital operation in the year 1990 with the flagship of Multi-Speciality Hospital at Coimbatore and has thereafter set up the satellite centers at Coimbatore (in the name of City center, Sulur Hospital and Kovilpalayam Hospital) and Erode (in the name of Erode center and Erode Speciality Hospital). The company's equity shares are listed in Bombay Stock Exchange (BSE).

The Company's financial statements were authorized for issue in accordance with the resolution of the Board of Directors on 29th May, 2018 in accordance with the provisions of Companies Act, 2013 and are subject to the approval of the shareholders at the AGM.

The Company's financial statements are reported in Indian Rupees which is also the company's functional currency.

The Wholly owned subsidiary company - Idhayam Hospitals Erode Limited, is also engaged in the business of healthcare services.

**Application of new and revised Indian Accounting Standards**

The Company has applied all the Indian Accounting Standards (hereinafter referred to as 'Ind AS') notified by the Ministry of Corporate Affairs (MCA) to the extent applicable to the Company.

## B. SIGNIFICANT ACCOUNTING POLICIES:

### I. General Information and Statement of compliance

These Consolidated financial statements ('financial statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented. These financial statements for the year ended 31 March 2018 are the first financial statements which the Company has prepared in accordance with Ind AS. For all periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, with the date of transition to Ind AS being 1st April 2016. For the purpose of comparatives, financial statements for the year ended 31 March 2017 and opening balance sheet as at 1st April 2016 are also prepared as per Ind AS.

### II. Basis of preparation and presentation

The Consolidated financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**III. Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2018. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- has power over the investee
- is exposed to, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**IV. Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective Judgements and the use of assumptions in these financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption".

**V. Current versus non-current classification**

The entity presents assets and liabilities in the balance sheet based on current/ non-current classification.

**An asset is classified as current, when:**

- It is expected to be realised or intended to be sold or consumed in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current, when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The entity classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**VI. Revenue Recognition**

**a) Rendering of Healthcare Services**

The Company generally follows the mercantile system of accounting and recognize the Income and Expenditure on an accrual basis except those with significant uncertainties. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. The revenue recognized is net off discount/ concessions. The income by way of Doctors' Consultancy fees and the consequent liability towards Doctor's consultation charges are considered as accrued as and when the amounts are finalized and certainty of recovery from patients is established.

The insurance claims are accounted as and when the claims are settled or accepted by the insurance company whichever is earlier.

**b) Sale of Goods**

Revenue from dietary / pharmacy sales are recognized as and when the services are rendered / goods sold.

**c) Income from Sponsorships**

Revenue from sponsorship is recognized when the amount of revenue and the cost incurred/ together with the cost to be incurred to complete the transaction can be reliably measured with reference to the stage of completion of the transaction at the end of the reporting period.

**d) Income from Academic Course Fees**

Revenue is recognized on a Straight Line basis over the duration of the course.

**e) Dividend and Interest Income**

i) Dividend income from investment is recognized as and when the right to receive payment is established.

ii) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis taking into account the amount outstanding and at the effective interest rate applicable, which is the rate that exactly discount estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**VII. Leases**

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are treated as operating lease.

**a) The company as lessor**

Asset subject to operating leases are included in property, plant and equipment. Lease income on an operating lease is recognized in the statement of profit and loss on a straight line basis over the term of the relevant lease except to the extent that the lease payments are structured to compensate for the expected inflationary cost. Costs including depreciation are recognized as an expense in the statement of profit and loss.

**b) The company as lessee**

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term except to the extent that the lease payments are structured to compensate for the expected inflationary cost.

**Finance Leases**

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are treated as period cost and are expensed accordingly.

### VIII. Foreign currencies

#### (a) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### (b) Conversion

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign currency monetary items are reported using closing foreign exchange rate. Non- monetary items, which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

### IX. Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All the other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

### X. Employee benefits

#### a) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance sheet date using the projected unit credit method. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company's presents the first two components of defined benefit costs in the statement of Profit and Loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**b) Short-term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liability recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**XI. Taxation**

Income tax expense comprises current tax and the net change in the deferred tax asset or liability during the year.

**a) Current Tax**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessments/appeals.

**b) Deferred Tax**

Deferred tax is recognized on temporary differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exist to set off current tax assets against current tax liabilities and deferred tax assets/deferred tax liabilities relate to same taxable entity and same taxation authority.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**c) Current and Deferred Tax for the year**

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**XII. Property, Plant and Equipment**

Property, Plant and Equipment (PPE) being fixed assets are tangible items held for use or for administrative purposes and are measured at cost less accumulated depreciation and any accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Financing costs relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use. Items of stores and spares that meet the definition of PPE are capitalized at cost and depreciated over its useful life.

The Carrying amount of an item of PPE is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de- recognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on Property, Plant and Equipment (PPE) are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except for building and medical equipments, which are depreciated over the useful life as estimated by the management.

The management believes that the useful life adopted reflect the expected pattern of consumption of future economic benefit.

| Particulars | Useful life (No of Yrs) |
|---|---|
| **I. Buildings** | |
| a) Buildings | 30 |
| b) Fences, wells, tube wells | 5 |
| c) Other (including temporary structure, etc.) | 3 |
| **II. Plant & Machinery** | |
| a) Medical and Surgical equipments | 12 |
| b) Solar power plant | 25 |
| **III. Electrical Installations and Equipment** | 10 |
| **IV. Furniture and fittings** | |
| General furniture and fittings | 10 |
| **V. Office equipments** | 5 |
| **VI. Computers and data processing units** | |
| a) Servers and networks | 6 |
| b) End user devices, such as, desktops, laptops, etc. | 3 |
| **VII. Motor Vehicles** | |
| a) Motor cycles, scooters and other mopeds | 10 |
| b) Motor buses, motor lorries, motor cars and motor taxies other than those used in a business of running them on hire. | 8 |

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE, the useful life of that part is determined separately for depreciation.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged to reflect the changed pattern.

**XIII. Intangible Assets**

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset. Other software is amortised, on a straight line method, over a period of three years based on management's assessment of useful life.

**Useful lives of intangible assets**

| Class of Assets | Years |
|---|---|
| Software | 3 Years |

**XIV. Impairment of Property, plant and equipment and intangible assets**

The carrying amounts of its tangible and Intangible assets are reviewed, as at each balance sheet date, to determine if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an extent occuring after the impairment loss was recongnised.

The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

**XV. Inventories**

Inventories are valued at lower of cost and estimated net realizable value. Cost is arrived at on First-in-First Out (FIFO) basis.

Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the inventory saleable.

**XVI. Provisions**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value unless otherwise required by the standard and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**XVII. Earnings per share**

a) Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

b) For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**XVIII.Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets**

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVOCI).

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVOCI**

- A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

**Equity investments (other than investments in subsidiaries and joint ventures)**

All equity investments within the scope of Ind AS 109, 'Financial Instruments', are measured at fair value either through statement of profit and loss or other comprehensive income. Company makes an irrevocable election to present in OCI the subsequent changes in the fair value on an instrument-by-instrument basis. The classification is made on initial recognition.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI. Any gains or losses on de- recognition is recognized in the OCI and are not recycled to the statement of profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**De-recognition of Financial Assets** A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de- recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**b) Financial Liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**i. Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**ii. Trade and other payables**

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

**iii. Other financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the company are initially measured at their fair values and are subsequently measured at the higher of:

- The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

**De-recognition of Financial Liabilities**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**d) Compound Financial Instruments**

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

**XIX. Impairment of Financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

**XX. Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant"s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level Input that is significant to the fair value measurement as a whole) at the end of each reporting period

**XXI. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make Judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the company's accounting policies :**

### a) Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting period. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Such lives are dependent upon an assessment of both the technical lives of the asset and also their economic lives based on various internal and external factors including efficiency and operating costs. Accordingly depreciation lives are reviewed annually using the best information available to the management.

### b) Evaluation of indicators for impairment of assets

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

### c) Recognition of deferred tax liability

Significant management judgement is required to determine the amount of deferred tax asset that can be recognised based on the likely timing and the level of future taxable profits together with future tax planning strategies.

### d) Provision and contingent liability

Provisions and liabilities are recognised in the period when it becomes probable that there will be future outflows of funds from past events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies, the likelihood of which is remote, are not disclosed in the financial statements.

**e) Defined benefit obligation:**

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

**f) Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**Standards issued or modified but not yet effective up to the date of issuance of the company's financial statements:**

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration**

On 28th March, 2018, Ministry of Corporate Affairs("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency The amendment will come into force from 1st April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

**Ind AS 115**

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after1st April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognized when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1st April 2018.

The standard permits two possible methods of transition: Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect, if any, on adoption of Ind AS 115 is expected to be insignificant.

## Note 2 - Property, Plant and Equipment

₹ in Lakhs

| Particulars | Land | Buildings | Improvements to Leasehold Buildings | Furniture and Fixtures | Office Equipments | Plant & Equipment | Computers | Vehicles | Tangibles Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost / Deemed Cost** | | | | | | | | | |
| **At 1st April 2016** | **841.39** | **14,650.97** | **203.30** | **743.23** | **146.15** | **17,006.83** | **131.22** | **262.68** | **33,985.77** |
| Additions during 2016 -17 | 10.85 | 1,102.34 | 152.53 | 167.92 | 34.10 | 2,449.76 | 27.90 | 97.02 | 4,042.42 |
| Disposals during 2016 -17 | - | - | - | 0.38 | 0.15 | 30.12 | 2.49 | 29.87 | 63.01 |
| **At 31st March 2017** | **852.24** | **15,753.31** | **355.83** | **910.77** | **180.10** | **19,426.47** | **156.63** | **329.83** | **37,965.18** |
| Additions during 2017 -18 | 6,292.32 | 717.29 | - | 137.94 | 12.85 | 4,619.43 | 162.24 | 100.00 | 12,042.07 |
| Disposals during 2017 -18 | - | - | - | 0.84 | - | 1,533.07 | 0.18 | 27.27 | 1,561.36 |
| **At 31st March 2018** | **7,144.56** | **16,470.60** | **355.83** | **1,047.87** | **192.95** | **22,512.83** | **318.69** | **402.56** | **48,445.89** |
| **Accumulated depreciation and Impairment** | | | | | | | | | |
| **At 1st April 2016** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Depreciation Charged during 2016 -17 | - | 326.51 | 7.70 | 123.40 | 39.28 | 1,754.12 | 59.28 | 47.10 | 2,357.39 |
| Depreciation on disposals during 2016-17 | - | - | - | 0.38 | 0.15 | 25.61 | 1.83 | 28.38 | 56.35 |
| Other adjustments | - | - | 13.79 | - | - | - | - | - | 13.79 |
| **At 31st March 2017** | **-** | **326.51** | **21.49** | **123.02** | **39.13** | **1,728.51** | **57.45** | **18.72** | **2,314.83** |
| Depreciation Charged during 2017 - 18 | - | 707.38 | 23.31 | 133.96 | 36.20 | 2,379.18 | 63.43 | 64.10 | 3,407.56 |
| Depreciation on disposals during 2017 - 18 | - | - | - | 0.84 | - | 1,427.54 | 0.17 | 26.03 | 1,454.57 |
| Other adjustments | - | - | - | - | - | - | - | - | - |
| **At 31st March 2018** | **-** | **1,033.89** | **44.80** | **256.14** | **75.33** | **2,680.15** | **120.71** | **56.79** | **4,267.82** |
| **Carrying Value** | | | | | | | | | |
| **At 31st March 2018** | **7,144.56** | **15,436.72** | **311.03** | **791.73** | **117.62** | **19,832.67** | **197.98** | **345.77** | **44,178.07** |
| At 31st March 2017 | **852.24** | **15,426.80** | **334.34** | **787.75** | **140.97** | **17,697.96** | **99.18** | **311.11** | **35,605.35** |
| At 1st April 2016 | **841.39** | **14,650.97** | **203.30** | **743.23** | **146.15** | **17,006.83** | **131.22** | **262.68** | **33,985.78** |

**Note:** a) Property, Plant and Equipment pledged as security against borrowings, are stated in Note No 16

b) The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS(s), measured as per previous GAAP and use that as its deemed cost as at the date of transition (April1,2016) as per the following details:-

**Reconciliation of Carrying value as per previous GAAP with deemed cost as per Ind AS:** ₹ in Lakhs

| Particulars | Gross Block (At Cost) | Accumulated Depreciation | Net Block as per Previous GAAP | Ind AS adjustment | Gross block as per Ind AS |
|---|---|---|---|---|---|
| Land | 841.39 | - | 841.39 | - | 841.39 |
| Buildings | 16,628.70 | 1,769.92 | 14,858.78 | 4.51 | 14,854.27 |
| Furniture and Fixtures | 1,259.18 | 515.95 | 743.23 | - | 743.23 |
| Office Equipments | 330.02 | 183.87 | 146.15 | - | 146.15 |
| Plant & Equipment | 25,721.47 | 8,714.64 | 17,006.83 | - | 17,006.83 |
| Computers | 561.30 | 430.08 | 131.21 | - | 131.21 |
| Vehicles | 475.93 | 213.25 | 262.68 | - | 262.68 |
| **Total** | **45,817.99** | **11,827.71** | **33,990.28** | **4.51** | **33,985.77** |

### Note 3 - Capital work-in-progress

Capital work-in-progress of ₹ 1287.57 Lakhs (₹ 564.86 Lakhs as at 31st March 2017) comprises amount spent on assets under construction. During the year, the company has capitalized ₹108.61 Lakhs (Previous year - Nil) as borrowing cost as per provision of Ind AS 23 - Borrowing Cost

### Note 4 - Intangible Assets

₹ in Lakhs

| Particulars | Computer software | Goodwill | Intangibles Total |
|---|---|---|---|
| **Cost / Deemed Cost** | | | |
| **At 1st April 2016** | **37.02** | **124.46** | **161.48** |
| Additions during 2016 - 17 | 4.91 | - | 4.91 |
| Disposals during 2016 - 17 | - | - | - |
| **At 31st March 2017** | **41.93** | **124.46** | **166.39** |
| Additions during 2017 - 18 | 80.71 | - | 80.71 |
| Disposals during 2017 - 18 | - | - | - |
| **At 31st March 2018** | **122.64** | **124.46** | **247.10** |
| | | | |
| **Accumulated amortisation and impairment** | | | |
| **At 1st April 2016** | - | - | - |
| Amortisation during 2016 - 17 | 15.36 | - | 15.36 |
| Amortisation on disposals during 2016-17 | - | - | - |
| **At 31st March 2017** | **15.36** | - | **15.36** |
| Amortisation during 2017 - 18 | 25.59 | - | 25.59 |
| Amortisation on disposals during 2017 - 18 | - | - | - |
| **At 31st March 2018** | **40.95** | - | **40.95** |
| | | | |
| **Carrying Value** | | | |
| **At 31st March 2018** | **81.69** | **124.46** | **206.15** |
| **At 31st March 2017** | **26.57** | **124.46** | **151.03** |
| **At 1st April 2016** | **37.02** | **124.46** | **161.48** |

The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all its intangible assets as recognised in the financial statements as at the date of transition to Ind AS(s),measured as per previous GAAP and use that as its deemed cost as at the date of transition April 1, 2016) as per the following details:-

**Reconciliation of Carrying value as per previous GAAP with deemed cost as per Ind AS:** ₹ in Lakhs

| Particulars | Gross Block (At Cost) | Accumulated Depreciation | Net Block as per Previous GAAP | Ind AS adjustment | Gross block as per Ind AS |
|---|---|---|---|---|---|
| **Intangible:** | | | | | |
| Software | 105.23 | 68.21 | 37.02 | - | 37.02 |
| Goodwill | 124.46 | - | 124.46 | - | 124.46 |
| **Total** | **229.69** | **68.21** | **161.48** | - | **161.48** |

**Note 5 - Invesments** ₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Investments in Equity Instruments** | | | |
| a) Investment in equity instruments at fair value through other compreh ensive income | | | |
| **(i) Quoted, Non Trade - fully paidup** | | | |
| 1. 6100 (as on 31-03-2017 and 01-04-2016-6100 Equity shares of ₹10 each in Canara Bank) | 16.10 | 18.48 | 11.80 |
| 2. 2300 (as on 31-03-2017 and 01-04-2016-2300 Equity shares of ₹10 each in Indian Overseas Bank) | 0.40 | 0.62 | 0.72 |
| **(ii) Unquoted, Trade - fully paidup** | | | |
| 60,000 (as on 31-03-2017 and 01-04-2016-1,20,000) Equity shares of ₹ 10 each fully paid up in Mytrah Vayu (Manjira) Private Limited | 6.00 | 12.00 | 12.00 |
| **Total** | **22.50** | **31.10** | **24.52** |

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| (i) Aggregate Market value of quoted investments | 16.50 | 19.10 | 12.52 |
| (ii) Aggregate amount of unquoted investments | 6.00 | 12.00 | 12.00 |
| **Total (i+ii)** | **22.50** | **31.10** | **24.52** |
| Investment at Cost | 8.69 | 14.69 | 14.69 |
| Investment at fair value through other comprehensive income | (2.60) | 6.58 | 12.52 |

**Reconciliation of Investment as on date of transition**

₹ in Lakhs

| Particulars | Carrying amount as per Previous GAAP | Fair Value Adjustments | Fair Value as per IND AS |
|---|---|---|---|
| Other Investments, Quoted, Fully Paidup | 2.69 | 13.81 | 16.50 |

## Note 6 - Other Financial Assets

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Rental and lease deposits | 231.07 | 103.21 | 76.26 |
| b) Security Deposits | 85.01 | 162.05 | 147.41 |
| **Total** | **316.08** | **265.26** | **223.67** |

## Note 7 - Other non - current asset

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Capital advance | 2,237.10 | 268.33 | 180.44 |
| b) Advance Payment of Taxes (Net of Provision) | 124.87 | 69.74 | 79.00 |
| c) MAT Credit | 4.19 | 5.24 | 3.50 |
| d) Advance lease rental Expense | 136.79 | 46.20 | 51.13 |
| **Total** | **2,502.95** | **389.52** | **314.08** |

**Note 8 - Inventories**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Pharmacy | 540.59 | 442.44 | 440.77 |
| b) Hospital Consumables | 421.78 | 353.33 | 336.34 |
| c) Stores & Spares | 57.52 | 31.09 | 36.13 |
| d) Others # | 62.83 | 50.90 | 41.59 |
| # Power & Fuel, Canteen Provisions & Stationary | | | |
| **Total** | **1,082.72** | **877.76** | **854.83** |

(i) For method of valuation of inventories, Refer Note No. 1 (B) (XV).

(ii) There has been no write down of inventories in current and previous years.

(iii) Inventories with the above mentioned carrying amount have been pledged as security against certain bank

**(iv) Cost of inventory recognised as an expense:**

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Cost of Medicines & Hospital consumables consumed | 17,207.64 | 15,974.10 |
| b) Stores and spares | 199.41 | 159.09 |
| c) Others # | 1,700.93 | 1,500.00 |
| # Power & Fuel, Canteen Provisions & Stationary | | |
| **Total** | **19,107.98** | **17,633.19** |

| | | |
|---|---|---|
| b) Amount of inventories stated at fair value less cost to sell | Nil | Nil |
| c) Amount of written down of inventories | Nil | Nil |

**Note 9 - Trade receivables** ₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Unsecured, considered good | 1,382.21 | 1,175.35 | 897.32 |
| **Total** | **1,382.21** | **1,175.35** | **897.32** |

Note: There have been no history of write off of trade receivables and hence no allowance has been made for

**Ageing of Trade receivables that are past due but not impaired :** ₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| a) 60 - 90 days | 50.74 | 16.55 |
| b) 91-180 days | 40.91 | 21.70 |
| c) >180 days | 65.29 | 89.26 |

**Note 10 - Cash and Cash Equivalents** ₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Balance with Banks** | | | |
| a) In Current Accounts | 93.26 | 55.22 | 82.34 |
| b) In term deposit accounts with maturity less than 3 months at inception | 2,218.17 | 1,590.00 | 1040.06 |
| c) Cheques on hand | 4.64 | 6.47 | 4.62 |
| d) Cash on hand | 52.04 | 100.70 | 59.82 |
| **Total** | **2,368.11** | **1,752.39** | **1,186.84** |

**Note 11 - Bank Balance other than Cash and Cash Equivalents** ₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) In term deposit accounts | | | |
| with maturity more than 3 months but less than 12 months at inception | 6,826.19 | 5,041.50 | 3,870.63 |
| with maturity more than 12 months at inception | | | |
| **b) Earmarked balances** | | | |
| (i) In margin money | 6.78 | 6.26 | 6.14 |
| (ii) In unpaid dividend Account | 39.81 | 42.55 | 42.00 |
| **Total** | **6,872.79** | **5,090.31** | **3,918.77** |

Earmarked bank balances are restricted in use in the form of margin money towards security and unclaimed dividend.

**Note 12 - Other financial assets**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Unsecured, Considered Good** | | | |
| a) Rent receivable | 19.52 | 19.10 | 8.46 |
| b) Accrued Income | 252.98 | 152.66 | 58.66 |
| **Total** | **272.50** | **171.76** | **67.12** |

**Note 13 - Other current assets**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Unsecured, Considered Good** | | | |
| a) Advance for purchases | 1.72 | 6.21 | 34.17 |
| b) Advance for expenses | 9.89 | 13.55 | 26.10 |
| c) Prepaid expenses | 108.94 | 109.04 | 102.50 |
| **Total** | **120.55** | **128.80** | **162.77** |

**Note 14 - Equity share capital**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Authorized Share Capital** | | | |
| 1,50,00,000 equity shares of ₹ 10/- each | 1500 | 1500 | 1500 |
| (31-03-2017 and 01-04-2016 - 1,50,00,000 Equity Shares of ₹ 10/- each) | | | |
| **Issued and Subscribed Capital** | | | |
| 1,09,42,262 Equity shares of ₹10 each | 1,094.23 | 1,094.23 | 1,094.23 |
| (31-03-2017 and 01-04-2016 -1,09,42,262 equity shares of ₹ 10 fully paid up) | | | |
| **Total** | **1,094.23** | **1,094.23** | **1,094.23** |

### a. Reconciliation of shares outstanding at the beginning and at the end of the period

₹ in Lakhs

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 01st April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| Shares outstanding at the beginning of the year | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 |
| Share Issued during the year | - | - | - | - | - | - |
| Share brought back during the year | - | - | - | - | - | - |
| Shares outstanding at the end of the year | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 | 10,942,262 | 1,094.23 |

### b. Terms/ Rights attached to the Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. The dividend Proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of the Equity shares will be entitled to receive remaining assets of the Company after distribution of all Preferential amount. The distribution will be in proportion to be number of equity shares held by the Shareholders.

### c. Shares held by Holding Company or Ultimate Holding Company - NIL

### d. Details of Shareholders holding more than 5% shares

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 01st April 2016 | |
|---|---|---|---|---|---|---|
| | No. of shares | % of holding | No. of shares | % of holding | No. of shares | % of holding |
| Kovai Purani Finance Private Limited | 4,006,461 | 36.61 | 4,006,461 | 36.61 | 4,006,461 | 36.61 |
| Dr. Thavamani Devi Palaniswami | 1,234,647 | 11.28 | 1,096,730 | 10.02 | 1,095,430 | 10.01 |

### e. No shares have been issued as fully paid up pursuant to contract without payment being received in cash, bonus shares and shares bought back in the immediately proceeding five years.

### Note 15 - Other equity

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) General Reserve | 4,244.95 | 4,244.95 | 4,244.95 |
| b) Retained Earnings | 23,580.83 | 18,112.10 | 12,303.31 |
| c) Other Comprehensive Income | (64.37) | (60.89) | (38.33) |
| **Total** | **27,761.41** | **22,296.17** | **16,509.93** |

### Note 16 - BORROWINGS

₹ in Lakhs

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 01st April 2016 | |
|---|---|---|---|---|---|---|
| | Non Current | Current | Non Current | Current | Non Current | Current |
| **Secured Loan** | | | | | | |
| **Term Loans** | | | | | | |
| a. From Banks | 16,456.18 | 3,694.97 | 8,568.93 | 3,509.87 | 12,044.05 | 3,133.68 |
| b. From Others | - | - | 3.45 | 31.91 | 35.36 | 70.97 |
| **Total** | **16,456.18** | **3,694.97** | **8,572.38** | **3,541.78** | **12,079.41** | **3,204.65** |

### Details of amount Outstanding, Terms of repayment & Security details

### A.Term Loans from Bank

| As at 31st March, 2018 | | As at 31st March, 2017 | | As at 01st April, 2016 | | Terms of Repayments | Security |
|---|---|---|---|---|---|---|---|
| Non Current | Current | Non Current | Current | Non Current | Current | | |
| **1. Secured Loans from Indian Bank** | | | | | **(₹ in lakhs)** | | |
| 354.46 | 386.52 | 740.98 | 386.50 | 1,459.39 | 386.50 | Repayable in 24 monthly instalments aggregating to ₹ 740.98 lakhs | Primarily secured by Paripassu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode, Pari pasu first charge on the entire Fixed assets (Present and Future) of the company, Charge on the leasehold rights of the building at Erode, Plant & Machinery & Medical Equipments in the name of Idhayam Hospitals Erode Limited, Erode. The facilities are also collaterally secured by second charge on the entire current assets (Present and Future) of the Company. The term loans from banks are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director - Dr.Thavamani Devi Palaniswami of the company. |
| 53.10 | 54.60 | 107.70 | 54.60 | 181.83 | 54.60 | Repayable in 24 monthly instalments aggregating to ₹ 107.70 lakhs | |
| 391.43 | 391.56 | 782.99 | 339.50 | 1,122.49 | 339.50 | Repayable in 24 monthly instalments aggregating to ₹ 782.99 lakhs | |
| 277.80 | 277.20 | 555.00 | 277.50 | 832.80 | 277.20 | Repayable in 24 monthly instalments aggregating to ₹ 555 lakhs | |
| 400.00 | 560.00 | 920.00 | 540.00 | 1,460.00 | 440.00 | Repayable in 20 monthly instalments aggregating to ₹ 960 lakhs | |
| 935.02 | 140.28 | 1,086.97 | 140.44 | 875.99 | 35.08 | Repayable in 92 monthly instalments aggregating to ₹ 1075.30 lakhs | |
| 3,280.10 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 3280.10 lakhs commencing from october 2020. | |
| 2,500.00 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 2500 lakhs commencing from February 2021. | |
| **8,191.91** | **1,810.16** | **4,193.64** | **1,738.54** | **5,932.50** | **1,532.88** | | |

## 2. Secured Loans from Indian Overseas Bank

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 354.52 | 386.52 | 741.04 | 386.52 | 1,127.56 | 386.52 | Repayable in 24 monthly instalments aggregating to ₹ 741.04 lakhs | Primarily secured by Paripassu first charge on the Land and appurtenances therewith located at Kalapatti Village at Coimbatore and land located at Erode, Pari pasu first charge on the entire Fixed assets (Present and Future) of the company, Charge on the leasehold rights of the building at Erode, Plant & Machinery & Medical Equipments in the name of Idhayam Hospitals Erode Limited, Erode. The facilities are also collaterally secured by second charge on the entire current assets (Present and Future) of the Company. The term loans from banks are further guaranteed by the personal guarantees of the Managing Director - Dr.Nalla G Palaniswami and Joint Managing Director - Dr.Thavamani Devi Palaniswami of the company. |
| 55.20 | 54.48 | 109.68 | 54.48 | 164.16 | 54.48 | Repayable in 24 monthly instalments aggregating to ₹ 109.68 lakhs | |
| 388.14 | 391.56 | 784.04 | 339.48 | 1,123.52 | 339.48 | Repayable in 24 monthly instalments aggregating to ₹ 779.70 lakhs | |
| 277.36 | 277.20 | 554.56 | 277.20 | 831.76 | 277.20 | Repayable in 24 monthly instalments aggregating to ₹ 554.56 lakhs | |
| 400.00 | 560.00 | 960.00 | 500.00 | 1,460.00 | 440.00 | Repayable in 20 monthly instalments aggregating to ₹ 960 lakhs | |
| 982.27 | 140.33 | 1,122.72 | 140.28 | 1,227.92 | 35.08 | Repayable in 96 monthly instalments aggregating to ₹ 1122.60 lakhs | |
| 3,280.00 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 3280.00 lakhs commencing from April 2021. | |
| 2,500.00 | - | - | - | - | - | Repayable in 144 monthly instalments aggregating to ₹ 2500 lakhs commencing from February 2021. | |
| **8,237.49** | **1,810.09** | **4,272.04** | **1,697.96** | **5,934.92** | **1,532.76** | | |

### 3. Secured Loans from HDFC Bank Limited

₹ in lakhs

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 26.78 | 74.72 | 101.49 | 66.97 | 168.46 | 60.02 | Repayable in 16 monthly instalments aggregating to ₹ 101.50 lakhs. | Secured by hypothecation of assets purchased out of the loan. |
| - | - | 1.76 | 6.40 | 8.17 | 8.02 | Settled on 09.10.2017. | Secured by hypothecation of assets purchased out of the loan. |
| **26.78** | **74.72** | **103.25** | **73.37** | **176.63** | **68.04** | | |

### B.Secured Term Loans from Others

₹ in lakhs

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| - | - | - | 12.05 | 12.05 | 51.17 | Settled on 01.06.2017. | Secured by hypothecation of assets purchased out of the loan. |
| - | - | 3.45 | 19.86 | 23.31 | 19.80 | Settled on 08.09.2017. | Secured by hypothecation of assets purchased out of the loan. |
| **-** | **-** | **3.45** | **31.91** | **35.36** | **70.97** | **Total** | |

### Note 17 - Other financial liabilities

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Rental Deposits | 56.40 | 54.49 | 45.92 |
| **Total** | **56.40** | **54.49** | **45.92** |

### Note 18 - Provisions

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **Provision for Employee Benefits** | | | |
| a) Gratuity (Refer Note No 35 (b) (i) (f)) | 594.86 | 485.72 | 481.49 |
| b) Leave Encashment (Refer Note No 35 (b) (ii)) | 105.98 | 94.78 | 84.38 |
| **Total** | **700.83** | **580.50** | **565.87** |

**Note 19 - Deferred tax liabilites (net)**

₹ in lakhs

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 | As at 01st April, 2016 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| - On PPE and intangible assets | 4,472.76 | 4,410.37 | 3,680.74 |
| - On fair value adjustment on financial instrument | 0.98 | 0.32 | - |
| **(A)** | **4,473.74** | **4,410.69** | **3,680.74** |
| **Deferred tax assets** | | | |
| - On expenses allowable against taxable income in future years | (495.69) | (411.95) | (364.85) |
| **(B)** | **(495.69)** | **(411.95)** | **(364.85)** |
| **Total (A+B)** | **3,978.05** | **3,998.74** | **3,315.89** |

**Significant components of deferred tax assets / liabilities and their movements**

₹ in lakhs

| Particulars | Deferred tax liabilities / (Assets) as at 01.04.2016 | Charge / (credit) to Profit/Loss | Charge / (credit) to OCI | Deferred tax liabilities / (Assets) as at 31.03.2017 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| - On PPE and intangible assets | 3,680.74 | 729.63 | - | 4,410.37 |
| - On fair value adjustment on financial instrument | - | 0.32 | - | 0.32 |
| **Deferred tax assets** | | | | |
| - On expenses allowable against taxable income in future years | (364.85) | (47.10) | - | (411.95) |
| - On employee benefit expense | - | 15.42 | (15.42) | - |
| - On fair valuation of equity instruments | - | - | - | - |
| **Total** | **3,315.89** | **698.27** | **(15.42)** | **3,998.74** |

₹ in lakhs

| Particulars | Deferred tax liabilities / (Assets) as at 01.04.2017 | Charge / (credit) to Profit/Loss | Charge / (credit) to OCI | Deferred tax liabilities / (Assets) as at 31.03.2018 |
|---|---|---|---|---|
| **Deferred tax liabilities** | | | | |
| - On PPE and intangible assets | 4,410.37 | 62.39 | - | 4,472.76 |
| - On fair value adjustment on financial instrument | 0.32 | 0.66 | - | 0.98 |
| **Deferred tax assets** | | | | |
| - On expenses allowable against taxable income in future years | (411.95) | (83.74) | - | (495.69) |
| - On employee benefit expense | - | 0.94 | (0.94) | - |
| - On fair valuation of equity instruments | - | 0.90 | (0.90) | - |
| **Total** | **3,998.74** | **(18.85)** | **(1.84)** | **3,978.05** |

**Note 20 - Other non - current liabilities** ₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Advance rental Income | 3.96 | 6.44 | 7.34 |
| **Total** | **3.96** | **6.44** | **7.34** |

**Note 21 - Borrowings** ₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Working capital loans from bank | 8.87 | 433.44 | 552.40 |
| **Total** | **8.87** | **433.44** | **552.40** |

The Company has availed working capital facility from Indian Bank which is secured by:

a. First Charge on current assets by way of hypothecation of present and future current assets including book debts and receivables.

b. The above working capital facility is collaterally secured by all fixed assets mentioned in item No. A & B in Note No.16 long term borrowings.

c. The working capital facility carries interest rates varying from 9.5% to 10.15%.

**Note 22 - Trade payables** ₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Trade payables | | | |
| a) Total outstanding dues of micro and small enterprises (Refer Note No 46) | 74.35 | 63.71 | 70.12 |
| b) Total outstanding dues of creditors other than micro and small enterprises | 1,947.77 | 1,561.03 | 1,801.87 |
| **Total** | **2,022.12** | **1,624.74** | **1,871.99** |

The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

**Note 23 - Other financial liabilities**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Current maturities of long - term debt (Ref. Note No.16) | 3,694.97 | 3,541.78 | 3,204.65 |
| b) Deposits from Employees | 302.92 | 271.86 | 232.12 |
| c) Payable to related parties (Ref. Note No. 41) | 400.20 | 397.10 | 269.52 |
| d) Employee Benefits Payable | 384.27 | 303.32 | 335.42 |
| e) Other payables | 1,795.14 | 1,173.71 | 1,221.98 |
| **Total** | **6,577.50** | **5,687.77** | **5,263.69** |

**Note 24 - Provisions**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Gratuity - Refer Note No. 35 (b) (i) (f) | 320.31 | 262.90 | 167.51 |
| b) Leave Encashment - Refer Note No. 35 (b) (ii) | 92.09 | 72.58 | 55.03 |
| **Total** | **412.40** | **335.48** | **222.54** |

**Note 25 - Other current liabilities**

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| a) Statutory dues Payable | 309.62 | 276.11 | 306.02 |
| b) Creditors for capital goods | 642.93 | 986.56 | 771.63 |
| c) Unpaid dividend | 39.81 | 42.55 | 42.00 |
| d) Advance received from Customers | 496.25 | 226.39 | 157.86 |
| e) Advance towards Academic Course Fees | 51.64 | 32.50 | - |
| **Total** | **1,540.25** | **1,564.11** | **1,277.51** |

## Note 26 - Revenue From Operations

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **I. Revenue from operations** | | |
| a) Inpatients Revenue | | |
| i) Doctors fees & Other healthcare services | 33,185.15 | 29,346.36 |
| ii) Pharmacy & Dietary | 7,433.24 | 6,505.82 |
| b) Outpatients Revenue | | |
| i) Doctors fees & Other healthcare services | 10,941.59 | 10,140.87 |
| ii) Pharmacy & Dietary | 6,991.32 | 6,569.10 |
| **II. Other Operating Income** | | |
| a) Rent Received | 148.92 | 142.40 |
| b) Revenue from Solar Power Generation | 403.19 | 372.03 |
| c) Academic Course Fees | 133.22 | 30.75 |
| **Total** | **59,236.63** | **53,107.33** |

## Note 27 - Other Income

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Interest Income | 577.28 | 455.29 |
| b) Dividend income from Investments designated through OCI | 0.06 | - |
| c) Profit on sale of Property, Plant and Equipment | 8.77 | 10.97 |
| d) Parking Charges | 34.32 | 48.32 |
| e) Other Non-Operating Income | 131.72 | 89.19 |
| **Total** | **752.15** | **603.77** |

## Note 28 - Cost of Medicines & Hospital consumables consumed

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Opening Stock | 813.27 | 777.12 |
| Add: Purchases | 17,356.74 | 16,010.25 |
| | 18,170.01 | 16,787.37 |
| Less: Closing Stock | 962.37 | 813.27 |
| **Total** | **17,207.64** | **15,974.10** |

## Note 29 - Employee Benefits Expenses

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Salaries, Allowances & Bonus | 8,609.48 | 7,770.25 |
| b) Contribution to Provident and Othe r Funds | 629.87 | 595.55 |
| c) Staff Welfare Expenses | 226.42 | 199.85 |
| d) Long Term Compensated Absence (Refer Note No. 35 (b) (ii)) | 128.04 | 118.05 |
| e) Gratuity (Refer Note No. 35 (b) (i)) | 227.85 | 89.27 |
| **Total** | **9,821.66** | **8,773.27** |

## Note 30 - Finance Costs

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Interest on Borrowings | 1,207.83 | 1,458.24 |
| b) Unwinding of Interest on Financial Instrument at Amortised cost | 2.52 | 3.30 |
| c) Other Borrowing Cost | 75.78 | 10.53 |
| **Total** | **1,286.13** | **1,472.07** |

## Note 31 - Depreciation and Amortisation

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Depreciation on Property, Plant and Equipment (Refer Note No. 2) | 3,407.55 | 2,371.19 |
| b) Amortisation on Intangible Assets (Refer Note No. 4) | 25.59 | 15.36 |
| **Total** | **3,433.14** | **2,386.55** |

## Note 32 - Other Expenses

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Consumption of Stores and Spares | 199.41 | 159.09 |
| b) Power and Fuel Consumed | 1,136.99 | 1,041.92 |
| a) Consumption of Dietary | 1,179.92 | 1,112.58 |
| b) Consultant Charges | 10,102.84 | 8,865.48 |
| c) Hospital Upkeep Expenses | 1,224.52 | 1,050.38 |
| f) Lab Test Charges | 368.69 | 355.49 |
| g) Travel and Conveyance | 121.62 | 109.94 |
| h) Rent | 380.76 | 259.82 |
| i) Advertisement | 493.56 | 344.39 |
| j) Auditor's Remuneration (Refer Note 32 (1)) | 23.54 | 21.96 |
| k) Professional Charges | 120.25 | 88.08 |
| l) Director's Sitting Fee | 2.46 | 2.67 |
| m) Repairs and Maintenance - Building | 284.67 | 197.18 |
| n) Repairs and Maintenance - Machinery | 990.62 | 784.23 |
| o) Repairs and Maintenance - Others | 318.44 | 292.53 |
| p) License fee, Rates & Taxes | 768.42 | 77.39 |
| q) Expenditure towards CSR activities (Refer Note 44) | 157.35 | 138.21 |
| r) Donation | 213.62 | 11.97 |
| s) Printing & Stationery | 378.57 | 333.60 |
| t) Hire Charges - Vehicle | 26.39 | 22.51 |
| u) Miscellaneous Expenses | 804.05 | 593.08 |
| **Total** | **19,296.69** | **15,862.49** |

## Note 32 (1) - Auditor Remuneration

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **Payments to the auditor** | | |
| a) For Statutory Audit | 15.00 | 15.00 |
| b) For Taxation Matters | 4.50 | 3.50 |
| c) For Other Services | - | - |
| d) For Reimbursement of Expenses | 0.61 | 0.51 |
| e) For Service Tax / Goods and Service Tax | 3.43 | 2.92 |
| **Total** | **23.54** | **21.96** |

**Note 33 - Tax Expenses**

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) Provision for Income Tax | 3,164.35 | 2,536.77 |
| b) MAT Credit availed | - | - |
| **Total** | **3,164.35** | **2,536.77** |

**34. First Time adoption of Ind AS**

**1. Explanation of transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies have been applied consistently in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). An explanation of how the transition from financial statements prepared in accordance with accounting standards notified under the Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) to Ind AS has affected the Company's financial position, financial performance and cash flows is set-out in the following tables and notes:

**2. Ind AS optional exemptions**

Ind-AS 101, 'First-time Adoption of Indian Accounting Standards', allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS. The Company has accordingly applied the following exemptions.

**a) Deemed cost for Property, plant and equipment and Intangible assets**

Ind AS 101 'First-time Adoption of Indian Accounting Standards' permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38, 'Intangible Assets'. Accordingly, the Company has elected to measure all of its property, plant and equipment & intangible assets at their previous GAAP carrying value.

**b) Designation of previously recognized financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at Fair Value through Other Comprehensive Income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity instruments other than investments in subsidiaries, associates and joint ventures

### 3. Ind AS mandatory exceptions Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were an error. Ind AS estimates as at 01 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

**Classification and measurement of Financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109, 'Financial Instruments' are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. Measurement of Financial assets at amortised cost using effective interest rate method, wherever applicable, has been made retrospectively.

The measurement exemption applies for financial liabilities as well.

**De-recognition of Financial assets and liabilities**

Ind AS 101, 'First-time Adoption of Indian Accounting Standards' requires a first-time adopter to apply the de-recognition provisions of Ind AS 109,'Financial Instruments' prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101, 'First-time Adoption of Indian Accounting Standards' allows a first-time adopter to apply the de-recognition requirements in Ind AS 109,'Financial Instruments' retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109,'Financial Instruments' to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109,'Financial Instruments' prospectively from the date of transition to Ind AS.

**Reconciliations between previous GAAP and Ind AS**

Ind AS 101, 'First-time Adoption of Indian Accounting Standards' requires an entity to reconcile equity, total comprehensive income and cash flows for prior years/periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

## Reconciliation to first time adoption of Ind AS
## (i) Balance sheet as at 01st April 2016

₹ in Lakhs

| Particulars | Notes | IGAAP as at 01st April 2016 | Reclassification | Other Accounting Adjustment | Ind AS as at 01st April 2016 |
|---|---|---|---|---|---|
| **I ASSETS** | | | | | |
| **A Non - Current assets** | | | | | - |
| a) Property, plant and equipment | 2 | 33,990.29 | - | (4.51) | 33,985.78 |
| b) Capital work-in-progress | 3 | 1,009.54 | - | - | 1,009.54 |
| c) Intangible assets | 4 | 161.48 | - | - | 161.48 |
| d) Financial Assets | | | | | - |
| i) Investments | 5 | 14.69 | - | 9.83 | 24.52 |
| ii) Other financial assets | 6 | 540.11 | (262.94) | (53.50) | 223.67 |
| e) Other non-current assets | 7 | | 262.94 | 51.13 | 314.08 |
| **Total non-current assets (A)** | | **35,716.11** | **-** | **2.95** | **35,719.07** |
| **B Current Assets** | | | | | |
| a) Inventories | 8 | 854.84 | | | 854.84 |
| b) Financial Assets | | | | | |
| i) Trade receivables | 9 | 897.32 | | | 897.32 |
| ii) Cash and cash equivalents | 10 | 5,105.61 | (3,918.77) | | 1,186.84 |
| iii) Bank balances other than (ii) | 11 | | 3,918.77 | | 3,918.77 |
| iv) Other financial assets | 12 | 162.77 | (95.65) | | 67.12 |
| c) Other current assets | 13 | 67.12 | 95.65 | | 162.77 |
| **Total current assets (B)** | | 7,087.66 | - | - | 7,087.65 |
| **Total Assets (A+B)** | | **42,803.77** | - | **2.95** | **42,806.72** |
| **II EQUITY AND LIABILITIES** | | | | | |
| **A Equity** | | | | | |
| a) Equity share capital | 14 | 1,094.23 | - | - | 1,094.23 |
| b) Other equity | 15 | 16,308.17 | - | 201.76 | 16,509.93 |
| **Total Equity (A)** | | 17,402.40 | - | 201.76 | 17,604.16 |
| **B Non-Current Liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 16 | 12,079.41 | - | - | 12,079.41 |
| ii) Other financial liabilities | 17 | 285.79 | (232.12) | (7.74) | 45.92 |
| b) Provisions | 18 | 565.87 | - | - | 565.87 |
| c) Deferred tax liabilities (Net) | 19 | 3,316.76 | - | (0.87) | 3,315.89 |
| d) Other non-current liabilities | 20 | - | - | 7.34 | 7.34 |
| **Total non-current liabilities (B)** | | **16,247.83** | **(232.12)** | **(1.26)** | **16,014.43** |
| **C Current liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 21 | 552.40 | - | - | 552.40 |
| ii) Trade payables | 22 | 1,871.99 | - | - | 1,871.99 |
| iii) Other financial liabilities | 23 | - | 5,262.68 | - | 5,262.69 |
| b) Provisions | 24 | 420.09 | - | (197.55) | 222.54 |
| c) Other current liabilities | 25 | 6,309.06 | (5,030.56) | - | 1,277.51 |
| **Total current liabilities (C)** | | **9,153.54** | **232.12** | **(197.55)** | **9,188.13** |
| **Total Equity and Liabilities (A+B+C)** | | **42,803.77** | **-** | **2.95** | **42,806.72** |

### (i) Balance sheet as at 31st March 2017

₹ in Lakhs

| Particulars | Notes | IGAAP as at 31st March 2017 | Reclassification | Other Accounting Adjustment | Ind AS as at 31st March 2017 |
|---|---|---|---|---|---|
| **I ASSETS** | | | | | |
| **A Non-Current assets** | | | | | |
| a) Property, Plant and Equipment | 2 | 35,668.67 | - | (18.32) | 35,650.35 |
| b) Capital work-in-progress | 3 | 564.85 | - | - | 564.86 |
| c) Intangible assets | 4 | 151.03 | - | - | 151.03 |
| d) Financial Assets | | | | | |
| i) Investments | 5 | 14.69 | - | 16.41 | 31.10 |
| ii) Other financial assets | 6 | 659.31 | (344.53) | (49.51) | 265.26 |
| e) Other non -current assets | 7 | | 344.53 | 44.96 | 389.52 |
| **Total non - current assets (A)** | | **37,058.55** | **-** | **(6.45)** | **37,052.12** |
| **B Current Assets** | | | | | |
| a) Inventories | 8 | 877.76 | - | - | 877.76 |
| b) Financial Assets | | | | | |
| i) Trade receivables | 9 | 1,175.34 | - | - | 1,175.35 |
| ii) Cash and cash equivalents | 10 | 6,842.72 | (5,090.33) | - | 1,752.39 |
| iii) Bank balances other than (ii) above | 11 | - | 5,090.31 | - | 5,090.31 |
| iv) Other financial assets | 12 | 128.81 | 42.85 | - | 171.76 |
| c) Other current assets | 13 | 171.77 | (42.83) | - | 128.80 |
| **Total current assets (B)** | | **9,196.40** | **-** | **-** | **9,196.37** |
| **Total Assets (A+B)** | | **46,254.95** | **-** | **(6.45)** | **46,248.49** |
| **II EQUITY AND LIABILITIES** | | | | | |
| **A Equity** | | | | | |
| a) Equity share capital | 14 | 1,094.23 | - | - | 1,094.23 |
| b) Other equity | 15 | 22,295.59 | - | 0.58 | 22,296.17 |
| **Total Equity (A)** | | **23,389.82** | **-** | **0.58** | **23,390.40** |
| **B Non-Current Liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 16 | 8,572.39 | - | - | 8,572.38 |
| ii) Other financial liabilities | 17 | 333.25 | (271.86) | (6.90) | 54.49 |
| b) Provisions | 18 | 580.52 | - | - | 580.50 |
| c) Deferred tax liabilities (Net) | 19 | 4,004.06 | - | (5.33) | 3,998.74 |
| d) Other non-current liabilities | 20 | | - | 6.44 | 6.44 |
| **Total non-current liabilities (B)** | | **13,490.22** | **(271.86)** | **(5.79)** | **13,212.55** |
| **C Current liabilities** | | | | | |
| a) Financial liabilities | | | | | |
| i) Borrowings | 21 | 433.43 | 0.01 | - | 433.44 |
| ii) Trade payables | 22 | 1,624.74 | - | - | 1,624.74 |
| iii) Other financial liabilities | | - | 5,687.77 | - | 5,687.77 |
| b) Provisions | 23 | 336.72 | - | (1.24) | 335.48 |
| c) Other current liabilities | 24 | 6,980.02 | (5,416) | | 1,564.11 |
| **Total current liabilities (C)** | 25 | **9,374.91** | **271.88** | **(1.24)** | **9,645.54** |
| **Total Equity and Liabilities (A+B+C)** | | **46,254.95** | **0.02** | **(6.45)** | **46,248.49** |

## (i) Statement of Profit and Loss for the Year ended 31st March 2017

₹ in Lakhs

| Particulars | Notes | IGAAP for the year 2016-17 | Reclassification | Other Accounting Adjustment | Ind AS for the year 2016-17 |
|---|---|---|---|---|---|
| I Revenue from operations | 26 | 52,562.15 | 545.18 | - | 53,107.33 |
| II Other income | 27 | 769.57 | (173.15) | 7.34 | 603.77 |
| **III TOTAL INCOME ( I + II )** | | **53,331.72** | **372.03** | **7.34** | **53,711.10** |
| **IV EXPENSES** | | | | | |
| Cost of Medicines and Hospital Consumables Consumed | 28 | 15,974.10 | - | - | 15,974.10 |
| Employee benefits expense | 29 | 8,817.84 | (44.56) | - | 8,772.27 |
| Finance Cost | 30 | 1,468.77 | - | 3.30 | 1,472.07 |
| Depreciation and Amortization expenses | 31 | 2,372.75 | - | 13.80 | 2,386.55 |
| Other Expenses | 32 | 15,485.53 | 372.03 | 4.93 | 15,862.49 |
| **TOTAL EXPENSES (IV)** | | **44,118.99** | **327.47** | **22.04** | **44,468.48** |
| **V Profit Before Exceptional Items and Tax (III-IV)** | | **9,212.73** | **44.56** | **(14.69)** | **9,242.62** |
| VI Exceptional items | | | | | |
| **VII Profit Before Tax (V - VI)** | | **9,212.73** | **44.56** | **(14.69)** | **9,242.62** |
| **VIII Tax Expenses / (benefit)** | | | | | |
| Current tax | 33 | 2,536.77 | - | - | 2,536.77 |
| Prior Year Tax | | 1.24 | - | - | 1.24 |
| Deferred tax | | 687.30 | - | 10.96 | 698.26 |
| **IX Profit for the Year ( VII - VIII )** | | **5,987.42** | **44.56** | **(25.65)** | **6,006.35** |
| **X Other Comprehensive Income** | | | | | |
| i) Items that will not be reclassified to profit or loss | | | | | |
| a) Remeasurement of post employment benefit obligations | | - | (44.56) | - | (44.56) |
| b) Change in fair value of FVOCI equity instruments | | - | - | 6.58 | 6.58 |
| ii) Income tax relating to these items | | - | - | 15.42 | 15.42 |
| **Total Other Comprehensive Income for the period, net of tax** | | **-** | **(44.56)** | **22.00** | **(22.56)** |
| **XI Total Comprehensive Income For the Year ( IX + X )** | | **5,987.42** | **-** | **(3.65)** | **5,983.79** |

### (i) Equity Reconciliation Under Ind AS

₹ in Lakhs

| Particulars | Notes | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| **As per previous GAAP** | | | |
| 1,09,42,262 (previous year : 1,09,42,262) Equity shares of ₹ 10/-each | | 1,094.23 | 1,094.23 |
| General Reserve | | 4,244.95 | 4,044.95 |
| Retained earnings | | 18,050.64 | 12,263.22 |
| **Total Equity as per previous GAAP - A** | | 23,389.82 | 17,402.40 |
| **(Add)/Less: Ind AS adjustments** | | | |
| Dividend Appropriations reversed | III | 197.55 | 197.55 |
| Payment of Dividend during 2016 - 17 | III | (197.55) | - |
| Fair Valuation of long term financial assets and liabilities | I | (2.73) | (1.84) |
| Fair valuation of Equity Instruments designated through OCI | II | 16.41 | 9.83 |
| Depreciation impact on Lease hold Improvements | IX | (18.31) | (4.52) |
| Tax Impact on the above adjustments | V , VII | 5.20 | 0.73 |
| **Total adjustments under Ind AS - B** | | 0.58 | 201.76 |
| **Total equity as per Ind AS - (A+B)** | 14 , 15 | 23,390.40 | 17,604.16 |

### (ii) Reconciliation of total comprehensive income for the year ended 31st March 2017

₹ in Lakhs

| Particulars | Notes | 2016 - 17 |
|---|---|---|
| **Net Profit after tax as per previous GAAP (A)** | | 5,987.42 |
| **Ind AS Adjustments** | | |
| Remeasurement of actuarial gains / (losses) on employee benefits | IV | 44.56 |
| Impact on account of Fair Valuation of Financials assets and liabilities | I | (0.90) |
| Depreciation impact on Lease hold Improvements | IX | (13.80) |
| Deferred Tax impact on above adjustments | V , VII | (10.96) |
| **Total Ind AS adjustments** | | **18.92** |
| **Profit after tax before Other Comprehensive Income (OCI) as per Ind AS (B)** | | 6,006.34 |
| **Other Comprehensive Income** | | |
| Remeasurement of post employment benefit obligations | IV | (44.56) |
| Change in fair value of FVOCI equity instruments | II | 6.58 |
| Income tax relating to these items | V , VII | 15.42 |
| **Total Comprehensive income as per Ind AS** | | **5,983.79** |

## (i) Reconciliation of Statement of Cash flows:

**Impact of Ind AS adoption on the statement of cash flow for the year ended 31st March, 2017**

₹ in Lakhs

| Particulars | Notes | 2016 - 17 | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of Transition to Ind AS | As per Ind AS |
| Net cash generated from (used in) operating activities | I To VII | 9,911.49 | (0.40) | 9,911.09 |
| Net cash generated from (used in) investing activities | II | (3,219.77) | 18.68 | (3,201.09) |
| Net cash generated from (used in) financing activities | III, VII | (4,954.61) | (18.30) | (4,972.91) |
| Net Increase/(Decrease) in cash and cash equivalents | | 1,737.11 | (0.02) | 1,737.09 |
| Cash and cash equivalents as at the beginning of the year | | 5,105.61 | - | 5,105.61 |
| Bank Balances not con sidered as Cash and Cash equivalents | | 6,634.05 | (1,543.74) | 5,090.31 |
| Cash and cash equivalents as at the end of the year | | 208.67 | 1,543.72 | 1,752.39 |

**Notes to the reconciliation**

**I. Financial Assets at Amortised cost**

Under previous GAAP, the security deposits were carried at nominal value. Ind AS requires these assets to be measured at fair value and subsequently these assets are measured at amortized cost. At the initial recognition, the company has recognised the difference between deposit fair value and nominal value as prepaid rental expenses and same is being recognised as rental expenses on straight line basis over the lease period. Further, Company recognises notional interest income on these deposit over the lease term.

**II. Fair valuation of Investment**

Certain equity instruments (other than investments in subsidiaries) have been measured at fair value through other comprehensive income. The difference between the fair value and previous GAAP carrying value as on the date of transition has been recognised as an adjustment to the opening retained earnings/ seperate component of other equity

**III. Dividend**

Prior to 1.4.2016, dividend proposed by the Board of Directors, but before the approval of the financial statements were considered as adjusting events, under previous GAAP. However under IND AS, such dividend are recognised when the same is approved by the shareholders at Annual General Meeting (AGM). Accordingly, the liability for proposed dividend recognised as on transition date has been reversed with corresponding adjustment to opening retained earnings and recognised in the year of approval in the AGM.

**IV. Defined Benefit liabilities**

Under IND AS, actuarial gain/ losses and the return on plan assets are recognised in the Other Comprehensive Income (OCI) instead of profit and loss

### V. Deferred Tax

Under previous GAAP, deferred tax was accounted using the income statement approach on timing difference between taxable profit and accounting profit. Under IND AS, deferred tax is recognised following Balance sheet approach on temporary differences between the carrying amount of asset or liability and its tax base.

### VI. Other comprehensive income

Under previous GAAP, there was no concept of 'Other Comprehensive income' (OCI). Under Ind AS, certain items of incomes and expenses needs to be recognised under the Other Comprehensive Income, such as remeasurement gains/losses of defined employee benefits, fair valuation gains /losses of financial assets designated through OCI etc. A reconciliation of the profit/loss as per previous GAAP to profit/loss as per Ind AS has been presented.

### VII. Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

### VIII. Reclassifications under Ind AS

Assets and Liabilities have been regrouped / reclassified whereever required to conform to the requirements of Ind AS.

### IX. Depreciation on Leased Building

Under previous GAAP, depreciation on lease hold improvements were provided for based on the useful lives estimated by the management. This is now depreciated over the primary period of lease, with appropriate adjustments to retained earnings as at the transition date.

## 35. Employee benefits

### a) Defined contribution plan:

The Company makes contributions towards provident fund and employees state insurance as a defined contribution retirement benefit fund for qualifying employees. The provident fund is operated by the regional provident fund commissioner. The Employees state insurance is operated by the Employees State Insurance Corporation. Under these schemes, the Company is required to contribute a specific percentage of the payroll cost as per the statue.

The total expenses recognized in the Statement of Profit and Loss of ₹ 629.87 Lakhs (for the year ended March 31, 2017: ₹ 595.55 Lakhs) represents contributions payable to these plans by the Company.

**b) Defined benefit plans:**

**i) Gratuity**

The company operates a defined benefit plan for payment of post-employment benefits in the form of Gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the Payment of Gratuity Act, 1972. The terms of benefits are common for all the employees of the company.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

| | |
|---|---|
| **Investment Risk:** | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. |
| **Interest Risk:** | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| **Salary Risk:** | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan parti cipants. As such, an increase in the salary of the plan participants will increase the plan's liability. |
| **Longevity Risk:** | The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |

**a) The principal assumptions used for the purposes of the actuarial valuations were as follows.**

| **Particulars** | **Valuation as at** | | |
|---|---|---|---|
| | **As at 31st March 2018** | **As at 31st March 2017** | **As at 01st April 2016** |
| Discount rate(s) | 6.81% | 6.56% | 6.56% |
| Expected Return on Assets | - | - | - |
| Salary Escalation | Uniform 8.0% | Uniform 8.0% | Uniform 8.0% |
| Attrition Rate | Uniform 40.0% | Uniform 35.0% | Uniform 35.0% |
| Mortality | Indian Assured Lives Mortality (2006-08) Ultimate | | |

**b) Amount recognized in statement of profit and loss in respect of these defined benefit plans are as follows.**

**₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Current service cost | 164.92 | 42.83 |
| Net Interest on Defined Benefit Obligations | 47.01 | 46.44 |
| Expected return on Plan assets | - | - |
| Past service cost and (gain) / loss from settlements | 15.92 | - |
| **Expenses recognized in the statement of profit and loss** | **227.85** | **89.27** |

**c) Recognized in Other Comprehensive Income for the year**

**₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Return on plan assets (excluding amounts included in net interest expense) | - | - |
| Actuarial gains / losses arising from changes in demographic assumptions | (10.27) | 7.26 |
| Actuarial gains / losses arising from changes in financial assumptions | (4.26) | 14.39 |
| Actuarial gains / losses arising from experience adjustments | 17.25 | 22.91 |
| **Amount recognized in OCI for the current period** | **2.72** | **44.56** |

### d) Movements in the present value of the defined benefit obligation are as follows:

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Present value of obligations as at the beginning of the year | 748.64 | 649.02 |
| Current service cost | 164.92 | 42.83 |
| Past service cost | 15.92 | - |
| Net Interest on Defined Benefit Obligations | 47.01 | 46.44 |
| Remeasurement (gains) / losses: | | |
| Actuarial gains / losses arising from changes in demographic assumptions | (10.27) | 7.26 |
| Actuarial gains / losses arising from changes in financial assumptions | (4.26) | 14.39 |
| Actuarial gains / losses arising from experience adjustments | 17.25 | 22.91 |
| Benefits paid | (64.05) | (34.21) |
| **Present value of obligations as at the end of the year** | **915.16** | **748.64** |

### e) Change in fair value of plan assets

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Fair value of plan assets as at the beginning of the period | - | - |
| Return on plan assets | - | - |
| Contributions | 64.05 | 34.21 |
| Benefits paid | (64.05) | (34.21) |
| Actuarial gain / (loss) on plan assets | - | - |
| **Fair value of plan assets as at the end of the period** | **-** | **-** |

### f) Net Asset / Liability recognized in Balance Sheet

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Present value of obligations | 915.16 | 748.64 |
| Fair Value of Plan Assets | - | - |
| **Amount recognized** | **915.16** | **748.64** |

### g) Sensitivity Analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Discount rate + 100 basis points | 898.06 | 731.53 |
| Discount rate - 100 basis points | 933.07 | 766.68 |
| Salary Escalation rate + 1% | 928.15 | 761.70 |
| Salary Escalation rate - 1% | 902.49 | 735.99 |
| Attrition rate + 1% | 912.39 | 746.01 |
| Attrition rate - 1% | 918.02 | 751.36 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated

### h) Experience adjustments

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Defined Benefit Obligation | 915.16 | 748.64 |
| Plan Assets | - | - |
| Surplus / (Deficit) in Plan Assets | (915.16) | (748.64) |
| Experience Adjustments on Plan Liabilities – Loss / (Gain) | 17.25 | 22.91 |
| Experience Adjustments on Plan Assets – Gain / (Loss) | - | - |

**i) Leave Encashment Benefits**

Under the compensated absences plan, leave encashment is payable to all eligible employees on separation from the Company due to death, retirement, superannuation or resignation, at the rate of per day basic salary, as per current accumulation of leave days.

**Assumption used in accounting for compensated absences** **₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Present value of unfunded obligation | 198.08 | 167.36 |
| Expense recognized in Statement of Profit and Loss | 128.04 | 118.05 |
| Discount rate per annum | 6.81% | 7.35% |
| Salary escalation rate per annum | 8.00% | 8.00% |

## 36. Financial instruments

### a) Capital Management

The Company manages its capital with the objective to maximize the return to stakeholders through the optimisation of the debt and equity mix. The Company's overall strategy remains unchanged from previous year. The funding requirements are met through a mixture of equity, internal fund generation and other non-current borrowings. The Company's policy is to use current and non-current borrowings to meet anticipated funding requirements.The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt). Net debts are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

The following table summarizes the capital structure and gearing ratio of the Company

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Non-Current Borrowings (Refer Note : 16) | 16,456.18 | 8,572.38 | 12,079.41 |
| Current Borrowings (Refer Note : 21) | 8.87 | 433.44 | 552.40 |
| Current Maturities of Long term Debt (Refer Note : 23) | 3,694.97 | 3,541.78 | 3,204.65 |
| **Total Borrowings (a)** | **20,160.02** | **12,547.60** | **15,836.46** |
| Cash and Cash equivalents (Refer Note:10 ) | 2,368.11 | 1,752.39 | 1,186.84 |
| Bank Balances other than cash and cash equivalents (Refer Note : 11) | 6,872.79 | 5,090.31 | 3,918.77 |
| **Total Cash (b)** | **9,240.90** | **6,842.70** | **5,105.61** |
| **Net Debt (c) = (a)-(b)** | **10,919.12** | **5,704.90** | **10,730.85** |
| Equity (Refer Note :14 ) | 1,094.23 | 1,094.23 | 1,094.23 |
| Other Equity (Refer Note : 15) | 27,761.41 | 22,296.17 | 16,509.93 |
| **Total Equity (d)** | **28,855.64** | **23,390.40** | **17,604.16** |
| **Total Capital (e) = (c)+(d)** | **39,774.76** | **29,095.53** | **28,335.01** |
| **Gearing Ratio = (c)/(d)** | **37.84%** | **24.39%** | **60.96%** |

**Note:** i) Equity includes all capital and reserves of the company that are managed as capital.

ii) Debt is defined as long term and short term borrowings (excluding derivatives and financial guarantee contracts) as described in Note No 16 and Note No 21.

**b) Fair Value Measurements**

**i. Financial instruments by category**

The carrying values of financial instruments by categories as at March 31, 2018 were as follows:

₹ in Lakhs

| Particulars | Note | FVTPL | FVOCI | Amortised cost | Total Carrying value | Total Fair value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Investments | 5 | - | 16.50 | 6.00 | 22.50 | 22.50 |
| Trade Receivables | 9 | - | - | 1,382.21 | 1382.21 | 1382.21 |
| Other financial assets | 6,12 | - | - | 588.58 | 588.58 | 588.58 |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 16,21 | - | - | 16,465.05 | 16,465.05 | 16,465.05 |
| Trade payables | 22 | - | - | 2,022.12 | 2,022.12 | 2,022.12 |
| Other financial liabilities | 17,23 | - | - | 6633.90 | 6633.90 | 6633.90 |

**The carrying values of financial instruments by categories as at March 31, 2017 were as follows**

₹ in Lakhs

| Particulars | Note | FVTPL | FVOCI | Amortised Cost | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Investments | 5 | - | 19.10 | 12.00 | 31.10 | 31.10 |
| Trade Receivables | 9 | - | - | 1,175.35 | 1,175.35 | 1,175.35 |
| Other financial assets | 6,12 | - | - | 437.02 | 437.02 | 437.02 |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 16,21 | - | - | 9005.82 | 9005.82 | 9005.82 |
| Trade payables | 22 | - | - | 1624.74 | 1624.74 | 1624.74 |
| Other financial liabilities | 17,23 | - | - | 5742.26 | 5742.26 | 5742.26 |

**The carrying values of financial instruments by categories as at 1st April, 2016 were as follows**

₹ in Lakhs

| Particulars | Note | FVTPL | FVOCI | Amortised Cost | Total Carrying Value | Total Fair Value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Investments | 5 | - | 12.52 | 12.00 | 24.52 | 24.52 |
| Trade Receivables | 9 | - | - | 897.32 | 897.32 | 897.32 |
| Other financial assets | 6,12 | - | - | 290.79 | 290.79 | 290.79 |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 16,21 | - | - | 12,631.81 | 12,631.81 | 12,631.81 |
| Trade payables | 22 | - | - | 1871.99 | 1871.99 | 1871.99 |
| Other financial liabilities | 17,23 | - | - | 5309.61 | 5309.61 | 5309.61 |

### ii. Fair Value Hierarchy

The Company has classified its financial instruments into three levels in order to provide an indication about the reliability of the inputs used in determining fair values.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2018**

₹ in Lakhs

| Particulars | Note | Level 1 | Level 2 | Level 3 | Carrying Values |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| At amortised costs | | | | | |
| Investments – Non - current Unquoted | 5 | - | - | 6.00 | 6.00 |
| Trade Receivables | 9 | - | - | 1,382.21 | 1,382.21 |
| Other financial assets | 6,12 | - | - | 588.58 | 588.58 |
| At fair value through Other Comprehensive Income | | | | | |
| Investments – Non - current | 5 | 16.50 | - | - | 16.50 |
| | | | | | |
| **Financial Liabilities** | | | | | |
| At amortised costs | | | | | |
| Borrowings | 16,21 | - | - | 16,465.05 | 16,465.05 |
| Trade payables | 22 | - | - | 2,022.12 | 2,022.12 |
| Other financial liabilities | 17,23 | - | - | 6633.90 | 6633.90 |

**Fair value hierarchy of financial assets and liabilities measured at fair value as at March 31, 2017**

₹ in Lakhs

| Particulars | Note | Level 1 | Level 2 | Level 3 | Carrying values |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| At amortised costs | | | | | |
| Investments – Non-current Unquoted | 5 | - | - | 12.00 | 12.00 |
| Trade Receivables | 9 | - | - | 1,175.35 | 1,175.35 |
| Other financial assets | 6,12 | - | - | 437.02 | 437.02 |
| At fair value through Other Comprehensive Income | - | - | - | - | - |
| Investments – Non-current | 5 | 19.10 | - | - | 19.10 |
| | | | | | |
| **Financial Liabilities** | | | | | |
| At amortised costs | | | | | |
| Borrowings | 16,21 | - | - | 9005.82 | 9005.82 |
| Trade payables | 22 | - | - | 1624.74 | 1624.74 |
| Other financial liabilities | 17,23 | - | - | 5742.26 | 5742.26 |

**Fair value hierarchy of financial assets and liabilities measured at fair value as at 1st April, 2016**

₹ in Lakhs

| Particulars | Note | Level 1 | Level 2 | Level 3 | Carrying values |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| At amortised costs | | | | | |
| Investments – Non-current Unquoted | 5 | - | - | 12.00 | 12.00 |
| Trade Receivables | 9 | - | - | 897.32 | 897.32 |
| Other financial assets | 6,12 | - | - | 290.79 | 290.79 |
| At fair value through Other Comprehensive Income | - | - | - | - | - |
| Investments – Non-current | - | 12.52 | - | - | 12.52 |
| | | | | | |
| **Financial Liabilities** | | | | | |
| At amortised costs | | | | | |
| Borrowings | 16,21 | - | - | 12,631.81 | 12,631.81 |
| Trade payables | 22 | - | - | 1871.99 | 1871.99 |
| Other financial liabilities | 17,23 | - | - | 5309.61 | 5309.61 |

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financial liabilities are a reasonable approximation of their fair values. Accordingly, the fair values of such financial assets and financial liabilities have not been disclosed separately.

### iii. Valuation technique used to determine fair value

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date.The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, loans, other financial assets, current borrowings, trade payables and other current financialliabilities are a reasonable approximation of their fair values.The investment included in Level 3 hierarchy have been valued at cost approach to arrive at the fair values as there is a wide range of possible fair value measurement and the cost represents estimate of fair value within that range considering the purpose and restriction on the transferability of the instruments. The estimated fair value amounts as at March 31, 2018 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end. There were no transfers between Level 1, Level 2 and Level 3 during the year.

### c) Financial Risk Management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk | Exposure arising from | Measurement |
|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Ageing analysis Credit Ratings |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts |
| Market risk – Interest rate risk | Long-term borrowings at variable rates | Cash flow forecasting, Sensitivity analysis |

### i) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Credit risk management**

**Credit risk rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk
B: Moderate credit risk
C: High credit risk

| Assets Group | Description of category | Particulars | Provision for expected credit loss * |
|---|---|---|---|
| Low credit risk | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 12 month expected credit loss / life time expected credit loss |
| Moderate credit risk | Assets where the probability of default is considered moderate, counter - party where the capacity to meet the obligations is not strong. | Nil | 12 month expected credit loss / life time expected credit loss |
| High credit risk | Assets where there is a high probability of default. | Nil | 12 month expected credit loss / life time expected credit loss/fully provided for. |

* Based on past experience and historical trend, there have not been any write off of trade receivables and hence no allowance is made for expected credit on trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Any subsequent recoveries made are recognized in statement of profit and loss.

**Classification of Financial assets among risk categories:**

**₹ in Lakhs**

| Credit rating | Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets | 10,895.61 | 8,189.81 | 6,070.05 |
| Moderate credit risk | Nil | - | - | - |
| High credit risk | Nil | - | - | - |

**Expected credit loss for trade receivables**

The Company's trade receivables does not have any expected credit loss as healthcare services are generally provided once the Company receives the entire payment either before or during the course of treatment except in case of insurance claims. Moreover, company has almost recovered all the insurance claims in the past. During the periods presented, the Company made no write-offs of trade receivables and no recoveries from receivables previously written off.

### ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities as at 31 March 2018**

**₹ in Lakhs**

| Particulars | On demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 8.87 | 3,694.97 | 4,106.98 | 12,349.20 | 20,160.02 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | 8.87 | 3,694.97 | 4,106.98 | 12,349.20 | 20,160.02 |

**Maturities of financial liabilities as at 31 March 2017**

**₹ in Lakhs**

| Particulars | On demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 433.43 | 3,541.78 | 7,497.69 | 1,074.69 | 12,547.59 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | 433.43 | 3,541.78 | 7,497.69 | 1,074.69 | 12,547.59 |

## Maturities of financial liabilities as at 1 April 2016

₹ in Lakhs

| Particulars | On demand | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Borrowings | 552.40 | 3,204.64 | 10,723.92 | 1,355.50 | 15,836.46 |
| Other financial liabilities | - | - | - | - | - |
| **Total** | 552.40 | 3,204.64 | 10,723.92 | 1,355.50 | 15,836.46 |

**iii) Interest rate risk**

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. However, The company's variable rate borrowings are subject to interest rate risk. Below is the overall exposure of the borrowings:

**Interest rate risk exposure**

₹ in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
|---|---|---|---|
| Fixed rate borrowing | 101.50 | 211.99 | 351.00 |
| Variable rate borrowing | 20,049.65 | 11,902.17 | 14,933.06 |
| **Total** | **20,151.15** | **12,114.16** | **15,284.06** |

**Sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change (100 basis points) in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax and carrying amount of project work in progress (which will have subsequent impact on the profit or loss of future period depending upon the revenue which would recognised based on the percentage of completion as indicated in "Significant Accounting Policies" for revenue recognition) is affected through the impact on variable rate borrowings, as follows:

₹ in Lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| **Interest sensitivity** | | |
| Interest rates – increase by 100 basis points | 1070.05 | 1392.41 |
| Interest rates – decrease by 100 basis points | 868.01 | 1151.30 |

**37. Earnings per Share (EPS) (computed in accordance with Ind AS 33)**

**₹ in Lakhs**

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| Profit for the year attributable to owners of the Company (₹ in Lakhs) | 5797.97 | 6006.35 |
| Weighted Average Number of Equity Shares outstanding during the year for the purpose of Basic Earnings / Diluted Earnings Per Share (Nos. in Lakhs) | 109.42 | 109.42 |
| **Basic/ Diluted Earnings Per Share (in ₹)** | 52.99 | 54.89 |

**38. Operating lease arrangements**

**Disclosure for company as lessee**

The company has entered into operating lease, having a lease period ranging from 1- 28 years, with an option to renew the lease.

The future minimum lease payments are as follows:

**₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Not later than one year | 468.41 | 264.97 |
| Later than one year but not later than five years | 2019.57 | 730.38 |
| Later than five years | 4387.13 | 2134.47 |

**Disclosure for company as lessor**

The company has entered into operating lease, having a lease period ranging from 1- 10 years, with an option to renew the lease.

**₹ in Lakhs**

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Not later than one year | 107.96 | 84.35 |
| Later than one year but not later than five years | 145.07 | 97.88 |
| Later than five years | 35.83 | 15.28 |

## 39. Contingent Liabilities and Commitments as on the closing date

₹ in lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| **Contingent Liabilities:** | | |
| a) Letter of Credit for capital equipments | Nil | 571.29 |
| b) Disputed Statutory Liabilities not provided for (excluding interest, if any) | 269.84 | 267.46 |
| c) Claims of various nature made against the Company not acknowledged as debt | 905.95 | 803.85 |
| d) Employees Benefits (Refer Note No. 50) | 183.69 | Nil |
| **Commitments:** | | |
| Estimated amount of contracts remaining to be executed on capital account | 33,182.43 | 2420.15 |

## 40. Events after the reporting period

The Board of Directors of the company have recommended dividend of ₹ 3/- per fully paid up equity shares of ₹ 10/- each, aggregating to ₹ 395.74 Lakhs, including ₹ 67.47 Lakhs dividend distribution tax for the FY 2017-18, which is based on the share capital as on March 31, 2018. The actual dividend amount will be dependent on the relevant share capital outstanding as on the record date/ book closure

## 41. Related party disclosures under Ind AS - 24

### A. Relationship:

List of Related parties where control exists and other related parties with whom the Company had transactions and their relationships.

| S.No. | Nature of relationship | Name of related parties |
|---|---|---|
| 1. | Key Management Personnel / Promoters | o Dr. Nalla G Palaniswami<br>o Dr. Thavamani Devi Palaniswami<br>o Dr. Mohan S Gounder<br>o Dr. Arun N Palaniswami<br>o Mr. Kasi K Goundan<br>o Dr. M. Manickam<br>o CA. A.M. Palanisamy<br>o Dr. M.C. Thirumoorthi<br>o Mr. A.K. Venkatasamy<br>o Mr. K. Saminathan<br>o Dr. M.A. Muthusethupathi<br>o Dr. Purani P Palaniswami |

| | | |
|---|---|---|
| 2. | Other Related Parties (includes entities in which the Directors are interested) | o Purani Hospital Supplies Limited<br>o Aosta Software Technologies (India) Limited<br>o Sakthi Sugars Limited<br>o Biomed Hitech Industries Limited<br>o NGP Estate Motors Agencies<br>o KMCH Research Foundation<br>o Dr. K.S.K. Murugaiyan<br>o Dr. S. Krishnasamy |

**A. Related Party Transactions**

**₹ in lakhs**

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Key Management Personnel | Other Related Parties | Key Management Personnel | Other Related Parties |
| Lease rent paid | 83.13 | 83.04 | 50.44 | 59.25 |
| Interest on Lease Advance received | - | - | - | - |
| Purchases | 1619.50 | 4075.96 | - | 3468.40 |
| Advertisement | - | - | - | 1.16 |
| Rent receipts | - | - | - | 0.20 |
| IT Software purchase & Hardware Maintenance Charges | - | 84.30 | - | 8.87 |
| Consultant Charges | - | 15.75 | - | - |
| Donation Paid | - | 200.00 | - | - |
| Directors Remuneration, Commission & Perquisites | 680.32 | - | 671.07 | - |
| Lease Advance received back | - | - | - | - |
| Lease Advance paid | - | - | 25.00 | - |
| Amount payable | 386.73 | 160.85 | 394.99 | 98.34 |
| Lease Advance paid (Closing balance) | 49.00 | 30.00 | 49.00 | 30.00 |

Guarantees given by Managing Director and Joint Managing Director are restricted to the amount of outstanding borrowings (Refer Note No.16).The remuneration to key management personnel does not include the provision made for Gratuity as they are determined on an actuarial basis for the company as a whole.Disclosure requirements under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Nil (Previous Year: Nil)

**42. Segment Reporting**

The company is engaged in the business of Healthcare activities. Hence, there is only one reportable segment.

**43. Expenditure in foreign currency**

₹ in lakhs

| Particulars | 2017 - 18 | 2016 - 17 |
|---|---|---|
| a) CIF value of imports | | |
| (i) Capital goods | 187.87 | 217.28 |
| b) Business Promotion | 14.42 | - |
| c) Dividend paid in foreign currency | | |
| (i) Dividend | 33.11 | 21.66 |
| (ii) No. of Non Resident shareholders (in Nos.) | 68 | 71 |
| (iii) No. of Shares of ₹ 10 each held by them | 1324218 | 1443939 |

**44. Corporate Social Responsibility (CSR) Activities:**

a. Gross amount required to be spent by the company during the year : ₹ 142.42 Lakhs

b. Amount spent during the year : ₹ 157.35 Lakhs

₹ in lakhs

| S No. | Particulars | Paid | Yet to be paid | Total |
|---|---|---|---|---|
| (i) | Construction / acquisition of any asset | Nil | Nil | Nil |
| (ii) | On purposes other than (i) above | 153.86 | 3.49 | 157.35 |

**45.** Income tax assessments have been completed upto the Assessment year 2015-16.

## 46. Disclosure pertaining to micro, small and medium enterprises

₹ in Lakhs

| Particulars | 31.03.18 | 31.03.17 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in: | - | - |
| Principal amount due to micro, small and medium enterprises | 74.35 | 63.71 |
| Interest due on above | - | - |
| **Total** | **74.35** | **63.71** |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond appointed day. | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act, 2006. | - | - |

**47. Disclosure of change in accounting estimates – Useful life of Property, Plant and Equipment**

During the year the management has re-estimated the useful lives of medical equipments and buildings based on the assessment of technical life of the assets and the economic life of the assets.

Impact for,

a) Financial Year 2017-18 : ₹ 715.63 Lakhs

b) Future Periods : ₹ 9,014.76 Lakhs

## 48. Interest in Subsidiary

The subsidiary considered in the consolidated financial statement is set out below:

| Name of Entity | Country of Incorporation | Percentage of Ownership | | |
|---|---|---|---|---|
| | | As at 31st March 2018 | As at 31st March 2017 | As at 01st April 2016 |
| Idhayam Hospitals Erode Limited | India | 100% | 100% | 100% |

**Disclosure of additional information pertaining to the Parent Company, Subsidiaries, Associate and Joint ventures as per Schedule III of Companies Act, 2013**

| Name of entity in the group | Net Assets, i.e., total assets minus total liabilities | | Share in total comprehensive income | |
|---|---|---|---|---|
| | As % of consolidated Net Assets | ₹ in Lakhs | As % of consolidated Net Assets | ₹ in Lakhs |
| **Parent** | | | | |
| Kovai Medical Center and Hospital Limited | 98.995% | 28,565.73 | 100.32% | 5813.08 |
| **Subsidiary** | | | | |
| Idhayam Hospitals Erode Limited | 1.005% | 289.91 | (0.32%) | (18.59) |
| **Total** | **100%** | **28,855.64** | **100%** | **5794.49** |

## 49. Scheme of Amalgamation with Idhayam Hospitals Erode Limited

The Board at its meeting held on 03rd February 2017 approved the scheme of amalgamation of Idhayam Hospitals Erode Limited (Wholly Owned Subsidiary) with Kovai Medical Center and Hospital Limited effective 1st April 2016.

Pursuant to an Order dated 21st November, 2017 passed by the National Company Law Tribunal, Chennai Bench, separate meetings of Unsecured Creditors and Equity Shareholders of Kovai Medical Center and Hospital Limited was convened and held at the Registered Office of the Company, on 04th January, 2018, approving with or without modification(s), the proposed Scheme of Amalgamation and Arrangement between Idhayam Hospitals Erode Limited and Kovai Medical Center and Hospital Limited under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

The Company has already obtained no objections to the scheme from its secured creditors. The Company had filed the scheme with Bombay Stock Exchange Limited as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Statutory Clearances from Regional Director, Company Law Board, Department of Income Tax, Government of India are awaited before the Tribunal issues the Final Order confirming the Scheme of Amalgamation.

**50.** The Government of Tamil Nadu wide G.O.(2D) No.24 dated 02-03-2018 has revised the minimum rates of wages for the employees working in the hospital. The Indian Medical Association (IMA), Tamilnadu branch, an apex body representing the medical institutions in the country and Tamilnadu, has represented to the government of Tamilnadu to review the G.O. The IMA, Tamilnadu branch has in turn informed all the medical institutions to keep the matter in abeyance pending such review from Government of Tamilnadu. Consequently the anticipated liability as per G.O. has not been provided for in the financial statement but has been disclosed as contingent liability.

**51.** Disclosure as required under section 186(4) of the Companies Act, 2013 : Loans and guarantees furnished by the Company: Nil (Previous year – Nil) Investments made are given under the respective head.

**52.** Figures of the previous year have been regrouped, reclassified and rearranged wherever necessary to conform to current year's classification.

**53.** Figures have been rounded off to the nearest thousands. Figures are in ₹ in Lakhs, except otherwise stated.

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Significant Accounting Policies and the accompanying notes are an integral part of the Financial Statements
As per our report of even date

**For and on behalf of the Board of Directors**

**For Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W / W100048

Sd/-
**Dr. NALLA G PALANISWAMI**
Managing Director
DIN : 00013536

Sd/-
**CA. M.K. RAVINDRA KUMAR**
Chief Financial Officer

Sd/-
**KAUSHIK SIDARTHA**
Partner
Membership No. 217964

Sd/-
**CA. A.M. PALANISAMY**
Director
DIN : 00112303

Sd/-
**CS. S.P. CHITTIBABU**
Company Secretary

Place : Coimbatore
Date : 29-05-2018

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K M C H

## Kovai Medical Center and Hospital Limited

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|---|---|---|---|---|
| Ph: +91 422 - 4378720, 2232611. | Ph:+91 422-2228222. | Ph:+91 422-2564278, 77084 33399. | Ph:+91 424 - 2256456, 2226456. | Ph: +91 424 - 2262838, 2264141. |

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**Coimbatore's First Robotic Surgery**

- For Oncology
- For Gastrointestinal surgery
- For Obstetrics and Gynaecology
- For Paediatric

**Women's Cancer**

- Upgraded Breast Clinic
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- Specialized Gynecology Oncology Service

**Cardiology**

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